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Handling Competing Values in Ethics, Economics, & Management: A Cross-Cultural Empirical Study of American & Danish Managerial Attitudes

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HANDLING COMPETING VALUES
IN ETHICS, ECONOMICS, & MANAGEMENT:
A CROSS-CULTURAL EMPIRICAL STUDY
OF AMERICAN & DANISH MANAGERIAL ATTITUDES

A report submitted in partial fulfillment
of the requirements for the degree of
Master of Science in Applied and Social Economics

By

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This empirical cross-cultural research was conducted to confirm four hypotheses. The hypotheses included: 1) For American managers there will be at least a 0.55 correlation or more among their ethics, economic, and management attitudes; 2) American managers more than Danish managers will tend to emphasize control in their ethics, economic, and management attitudes; 3) Danish managers more than American managers will exhibit emphasis and correlation among Virtue Ethics, Community Capitalism, and Human Relations theories and attitudes; 4) Danish managers more than American managers will exhibit extreme managerial practice attitudes according to the Competing Values Framework. The limits of the research and future research opportunities are delineated by the author.
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I. INTRODUCTION TO ETHICAL, ECONOMIC, & MANAGEMENT VALUES

This research study focuses on the difficult challenge of managing competing values in ethics, management and economics. It is based on the theoretical foundation of the Competing Values Framework (CVF.) originally proposed by Robert E. Quinn and later adapted by Joseph A. Petrick and John F. Quinn.¹

Global managers today often feel pressured at the micro economic level to manage in a way that ensures short-term financial profitability as the only worthwhile activity. At the macro economic level the collapse of command economic systems has created a vacuum in which a ruthless form of market-based economics has accorded exclusive priority to investors among all economic stakeholders. The net result is that countries such as Russia, which tried to imitate Western market based capitalism without the balancing institutions and values that exist in the West, produced economic and political chaos.

To avoid that type of chaos, successful global management must be understood as a complex, not a simple, process at both the micro economic and macro economic level. The thrust of this research paper is to empirically link the handling of competing values in ethics, management, and economic values at the micro economic and macro economic level, so that global complexity can be better managed to avoid future chaos.

A. MANAGEMENT ETHICS

Managerial performance is often discussed in relation to economic factors, such as profit and wealth accrual. Management ethics, however, has become an increasingly popular subject in management research. Ethical conduct not only enables the organization to operate at a more successful and efficient level, it also has the potential of saving corporate dollars and improving image and reputation.

Fundamentally, moral values are part of a person’s philosophy and constitute an ongoing reflection of basic beliefs and acting in accordance with those beliefs. Ethics within the business environment is focused on what determines good or bad conduct, as related to business activities and values. It is not surprising that many ethical problems can and do occur at the executive level of the organization in the sense that the individual decision maker acts on behalf of the organization in bringing about some organizational change. Business leaders, therefore, should find it interesting how decision-making regarding ethical dilemmas is made, as unethical actions costs billions of dollars each year. This is a cost which is not merely tangible as corporate reputation and image is damaged as well. Generally, it is quite evident that all business organizations are vulnerable to a display of unethical behavior by their employees, including managers. Of course, the ethical conduct by organizations is likely to vary significantly depending on different sets of market based competitive conditions, amongst other things. Also, the ethical conduct in business is influenced internally by the organization’s perceived

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opportunity for employing in unethical behavior, the scale of possible rewards, as well as success in such an undertaking.³

A benefit of neoclassical economics is that it theoretically promotes an efficient use of resources and thereby limits waste. However, it also encourages such factors as greed or envy, which is contradictory to fundamental ethical beliefs.⁴ Some argue that competition in itself will keep corporations honest. Therefore, organizations would act more ethically as markets approximate the ideal conditions of perfect competition. In line with this, classical economic oriented advocates argue that the social responsibility of business is to make profit while operating within the legal bounds. This would imply that no further action on the part of business is necessary or desirable, and may even be counterproductive. It is an argument, which incorporates individualist beliefs well. Unfortunately, it may prove to play a rather different role when applied to reality. True, an efficient and competitive environment may stimulate organizations to act cleverly, however, it does not necessarily encourage them to implement moral standards. It might be more likely that in the approximation of perfect competition the growing number of smaller businesses will compete forcefully with each other for customers who are not particularly loyal. Thus, legal standards are more likely to be violated by companies who have small profit margins existing in this heavily competitive market.

An exception to the rule is when ethical behavior in itself becomes profitable for business to adhere to. It is not uncommon, for instance, that consumers may purchase products or services from a company, perhaps even paying a higher price, in order to

support the company's identification with their own moral preferences.\(^5\) A 1997 survey in the Wall Street Journal accounted that 40% of respondents stated they would choose between two equivalent products on the basis of which seller was more humane. In accordance with this, it is noticeable that the growth of marketing in which organizations take a social position is steadily increasing. It is estimated that company expenditures reach as much as $2 billion on such marketing efforts.\(^6\)

Because of the type of activity engaged in by business organizations, it is commonsense that the dominance of the business organization's goals (profitability, efficiency in output, and so forth) will moderate and define the limits of ethics within the organization. The importance of the economic market and considerations made in relation to it, often impose severe pressures on the ethical dimensions of decision-making, although ethical decision-making and economic objectives also are seen walking hand in hand. In any case, any noteworthy change in business behavior that include ethical choices is also related to variables such as the organization's culture, value norms and traditions and may gradually alter these organizational values.

Of course, the relationship between economic and ethical decision-making is not a unique characteristic of economic institutions. It can be found in the behavior of all of a society's major institutions where leaders must make choices among various hierarchies of conflicting goals so as to maximize achievable social good while at the same time ensuring the survival and growth of the institution and preserving its core values.

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Internationally, ethical business practices that are commonly accepted in one region or country may be very far from standard in another. This inconsistency is not only a characteristic of the world, but also affects the successes and failures of different economies. In fact, the existence or non-existence of particular aspects of business ethics can influence the operation of the economy and even the nature of society and its politics greatly. The decision and action of a corporate manager or board of directors can effectively determine ethical or unethical behavior. Ultimately, it is when proper management is in place that strategies are formulated and implemented in such a way that strategic competitiveness is achieved.\(^7\)

**B. ECONOMIC IDEOLOGY**

Fundamentally, management ethics often reflect personal beliefs and values, which are brought to the organization by those individuals who belong to it. Some of these values can be seen through economic ideology, which fundamentally is a set of beliefs held by different cultures. These personal beliefs and values often underlie economic, political, and social structures in a country and naturally have a great impact on the economic market and its business organizations. Thus, it is obvious that a manager, in every day decision-makings, is influenced by economic ideology and will tend to conduct business in correlation with his beliefs.

In analyzing arguments on markets and organizations one will in effect be analyzing ideologies. The ideology expresses a country or region's answers to questions about human nature (such as, are human beings motivated by economic incentives only?), about how societies actually function (are markets free?), and about the values society

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\(^7\) Hitt, Michael A. *Strategic Management*. South-Western College Publishing, 1999
should try to protect (freedom, productivity, equality?). A business ideology, then, is a normative system of beliefs on these matters, but specifically one that is held by business groups such as managers.  

It is noticeable that economic studies are often confined to the research of transactions. However, underlying every business transaction are people making choices, individuals acting on values and beliefs, and person’s prioritizing one factor over another. One survey including 15000 managers discovered that culture or ideology is the strongest determinant of values and in any country these values and beliefs regulate economic activity like an invisible hand. Thus, in any country economic ideology can be the foundation for micro-organizational and macro-economic strengths, however, depending on the values and their application in the business world, they may just as likely be the source of organizational and economic weaknesses.

In the business market, generating wealth means that an organization, as a minimum, must be successful in bringing its products and services to the market and that those individuals who work in the organization are effective in carrying out their respective tasks. The manner in which an individual functions and carries out organizational tasks is determined by the values that he or she brings to the workplace, values which are distinctive and unique to countries or regions. It is thereby understood that values characterize the organization and influence the economic market. In the US, for instance, there is a strong favoritism for individualism, while in Denmark, communitarian aspects or socialistic values are regarded to a higher degree. The strong foothold of individualism in the US leaves Americans to view society as a sum of

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individuals. However, individualism, properly understood, does not necessarily mean that the community is sacrificed on behalf of the individual; instead individualism permits each person to be selfish - or self-sacrificing. No matter the choice, the individual is its origin. Although Denmark is painted by an individualistic color as well, it is not to the same extent. Danes do not tend to see themselves commanding world events, as do Americans, but still emphasize individuality and responsibility.\(^9\)

Within most western countries, business principles play a central role in influencing the behavior of economic agents and the search for individual advantage. This search for individual advantage may be a crucial motivating factor that helps to drive the economic market. The pursuit of self-interest can differ from culture to culture, and the types of principles can also similarly vary. Indeed, the cultural variations in business behavior illustrate well the fact that business principles can take much richer – and very diverse – forms. However, one does not have to deny the importance of self-interest to accept that many business decisions and economic activities are motivationally much more complex than the single and simple pursuit of self-interest alone.

The importance of analyzing business ideologies is obvious: A business person’s ideology often determines the business decisions he or she makes, and through these decisions the ideology influences the person’s behavior. The businessperson’s ideology, for example, will color the person’s perceptions of the groups with whom he or she has to deal (employees, government officials, the poor, competitors, consumers); it will encourage the person to give in to certain pressures from these groups and to oppose others; it will make him look upon some actions as justified and legitimate and look on

other actions as unjustified and illegitimate. Individual, group, or organizational impacts on the market and vice versa is therefore much of an ideological impact.\textsuperscript{10}

C. MANAGEMENT PRACTICE

In strict managerial terms, the corporate managers role in the organization is to achieve a certain desired strategic outcome. Undeniably, there are those who believe that every organizational failure is actually a failure attributive to those who hold the final responsibility for the quality and effectiveness of an organizations decision and behavior. These decisions include, for instance, how resources should be developed and acquired, what product price is optimal, and which process alteration to make. Managers also influence how information flows in the organization, which strategies are to be implemented and what the objectives and goals of the organization ought to be. As mentioned, ultimately how the business entity conducts itself is determined by its organizational culture, which is ideology, symbols, and values shared throughout the company.\textsuperscript{11}

American corporate practices, for instance, are founded highly on individualistic beliefs and values. According to Lodge (1987), management emphasizes a free dedication by the individual to a goal, which is important to the organization, wherefore people are rewarded in accordance with personal performance. Holding on to certain management practices (corresponding to one’s own culture and personal beliefs and values) is common to most managers. Lodge, for instance, exemplifies this with the following: “It has been known for more than thirty years that if a bonus is paid to a whole

\textsuperscript{10} Velasquez, Manuel G. \textit{Business Ethics, Concepts & Cases}. New York: Whitley & Sons, 2000
\textsuperscript{11} Hitt, Michael A. \textit{Strategic Management}. South-Western College Publishing, 1999
group of workers, then the group is likely to support and reward with their friendship and respect the higher performers and more creative individuals within that group. But if the bonus is paid to individual high performers or to individuals identified as more creative, the group is more likely to gang up on those most favored by management, discourage their performance, and punish their originality. In short, outstanding individuals may benefit more from rewards paid to their group than to themselves. Yet American corporations have tended to dismiss such discoveries as being inconsistent with cultural individualism. Cultures “see” what they are predisposed to see and ignore the rest.“12

One may find strength, and weaknesses, in different cultures, but managers tend to hold to practices common to their culture. The stronghold of economic ideology and culture in managerial practices were also exemplified in the 1980s where quality oriented concepts from Edward Deming and Joseph Scanlon did not find acceptance in the US until Japan had turned these organizational strategies to competitive advantages against the US, where the concepts originated.

Fundamentally, and irrespective of variations in managerial beliefs and values, companies mainly are in competition to gain access to resources needed, to earn above average returns, and to provide superior satisfaction to stakeholders’ needs. In this connection, the dependency of companies upon stakeholder groups within the company, the industry, and the society, involve more than simple cooperation; the global economy has become so competitive and so complex that “doing things the way we have always done them” is no longer enough to ensure success. Improvisation, creativity, and

innovation are now required to respond to competitive moves, or even better, to anticipate those moves.\textsuperscript{13}

Within ethics, economics and management numerous competing objectives present themselves in daily decision-making. In order for managers to efficiently manage they must be able to balance these competing values. This paper investigates the balancing of these values, and thus the managerial performance standard, of managers in Denmark and America.

II. THE COMPETING VALUES FRAMEWORK (CVF)

It is both apparent and understandable that ethical, economic, and management attitudes vary from person to person, and across cultures. The CVF is a theoretical framework for analyzing competing values in ethics, economics, and management. The capacity for attitudinal complexity and the ability to act out of a cognitively complex strategy by playing multiple, even competing, roles in a highly integrated and complementary way is what the CVF measures. Understanding, evaluating, and acting on alternative ethical, economic, and management attitudes will ultimately enable one to increase personal and organizational performance.

This paper will first present the CVF in connection with management attitudes; secondly ethical and economic attitudes combined will be incorporated. These three areas, ethics, economics, and management are all essential to organizational performance and efficiency and are thus the focus of this paper. For each area (ethics, economics, and management) four theories will be explained, all of which a manager should balance or learn to balance well in order to achieve the objectives of masterfully managing the organization. As the reader will notice, the four theories are founded on comparable beliefs and values across each area. For instance, theory one within ethics will therefore show similarities with theory one within both economics and management. This will later be important in the research section of this paper, as it is believed that managers with
certain ethical beliefs (emphasizing one ethical theory over others) will also be likely to have economic and managerial attitudes correlating with their ethical attitudes.

A. MANAGEMENT COMPETING VALUES

During the last century a variety of management models or theories have emerged and been practiced. In this complex and fast changing environment, simple solutions are not sufficient and the need to involve alternative management techniques has become even more necessary. Sometimes a strong innovative focus is needed, sometimes stability. At times one needs to focus on the internal functions of the organizations, other times the external environment demands managerial attention. No one management theory is sufficient, instead it is necessary to view each of the following four theories as components of a larger managerial framework for optimizing organizational performance. Understanding these alternative theories and the potential simultaneous and balanced use of them can lead one to gain a broader perception of how to effectively manage an organization.\(^\text{14}\)

The four management theories incorporated in this comprehensive CVF are 1) Human Relations; 2) Open Systems; 3) Rational Goal and; 4) Internal Process. The relationship between these theories (also true for ethics and economics) is partly explained by two axes, where the horizontal axes ranges from a managerial focus on the internal organizational aspects on the left side to an external organizational focus on the right. The vertical axis, on the other hand, ranges top to bottom from a focus on organizational flexibility to organizational control (see figure 1).\(^\text{15}\) Each quadrant holds


one theory, and thus the Human Relations theory in the upper left quadrant, for instance, is characterized by internal organizational focus and flexibility (versus external organizational focus and control). Ultimately, as mentioned, the manager should focus on balancing all four theories equally (without over- or under-emphasizing any) in order to achieve excellent organizational performance standards. This is true for ethics, economics, and management attitudes. In reality, however, there is a tendency for managers to lean more towards one theory than others, thus failing to achieve this objective.

Figure 1. Competing Values Framework: Management Theory

1. Human Relations Approach

The Human Relations theory focuses on aspects such as commitment, morale, and cohesion. Here, the manager assumes that involvement results in commitment. Therefore participation, consensus building, and conflict resolution are emphasized. An organization, whose manager encompasses this attitude in leadership, takes on a strong team orientation in which decision-making is characterized by the involvement of others. The Human Relations manager emphasizes presenting himself as a caring and considerate mentor as well as a process oriented facilitator; therefore he or she may attempt to change the employee’s level of participation by providing certain motivational stimuli. Overall, the manager views the employee as someone important whom it is necessary to understand, value, and develop.16

Each CVF theory comprises two complementing and somewhat similar roles, which will be explained for better understanding. Within management practice, in the case of Human Relations, these roles are the facilitator and the mentor. In the facilitator role the manager is process oriented and will, for instance, tend to intervene in disagreements between employees. Here, the relationship between the manager and the work group is regarded as important and there is an overall focus on cultivating a teamwork environment, developing cohesion in the organization and establishing a collective effort amongst the employees. The facilitator manager is process oriented and uses conflict reducing techniques, supports and develops morale and cohesion, and makes an effort to obtain input and participation, as well as facilitating group problem solving. Complementary to the facilitator role, the mentor role is focused on the development of

people, which is presented in a caring and empathetic manner. Here, there is an emphasis on being helpful, sensitive, accessible, open, understanding, and just. A mentor manager therefore listens to employees, expresses appreciation when applicable, offer compliments, supports requests that are reasonable, and awards credit to the employees. The manager assists with skill building and makes available any training opportunities or individual development plans that may be necessary or beneficial, because people are viewed as resources that can and should be developed. In order to fulfill the managerial mentor role the manager must have an understanding not only for others, but him or herself, as well as be able to communicate effectively and develop the subordinates.

General keywords describing the Human Relations manager are therefore commitment, cohesion, and moral; all of which are indicators of (and necessities for) effectiveness within the organization. Involvement and general participation in decision-making, according to the Human Relations manager, generates a high level of commitment in a teamwork-oriented environment.

Ultimately, the Human Relations objective is mainly commitment and morale. All employees are considered to be unique, with own individual needs, values, and suppositions. However, the teams or groups are not functional if each person is merely focused on his or her own goals and desires. Therefore, the Human Relations manager’s responsibility is to assist each person to develop his or her own skills, while at the same time enabling this to happen in a team environment.

2. Open Systems Approach

The Open Systems manager finds that an organization is run effectively when there is a strong focus on flexibility and adaptability. The organization therefore
emphasizes an innovative oriented environment, where change is managed, creative problem solving is applied, and innovation is the general method for achieving organizational effectiveness. This is a quick and responsive person, which adjusts quickly to new situations and market obstacles. Overall, the manager will be thought of as a creative innovator, who knows how to use his power and influence within the organization.17

The two management roles within the open systems theory are the innovator and the broker. While the innovator visualizes change and improvement of methods, the broker presents these innovations and negotiates the ideas. The innovator role deals with management related to organizational modification and relies heavily on creativity. General aspects emphasized by the innovator are that one must live with change, think creatively, and manage change, each of which forces a manager to be flexible and open to new ideas or ways of thinking. The manager must be apt in handling new challenges faced by the organization and overall he or she is expected to be able to smooth the progress of adaptation and change. The innovator therefore needs to pay attention to the changing environment surrounding the organization, recognize significant trends, conceptualize changes and accept the risks and uncertainties that this carries with it. The manager relies on ideas, intention, and instinctive insights, wherefore it is necessary to be a somewhat creative and knowledgeable visionary who has a good eye for future changes. He or she must also be able to picture innovation, present them in an attractive way, and influence others in believing that they are not only desirable, but also necessary. The innovator has vision, as he or she focuses on seeing a way to fulfill the needs of the

organization and is therefore willing to take the necessary risks involved with change. The broker role relates to maintaining legitimacy and obtaining resources. He or she focuses on building and maintaining a power base, negotiating agreement and commitment, and presenting ideas effectively. Therefore, elements such as image, appearance, and reputation are important, and meeting with people external to the organization is also important, in order to represent, negotiate, and to acquire resources. The broker is also politically wise, influential, convincing, and powerful. Overall, the broker markets the organization and acts as a contact person as well as a representative.

The Open Systems theory is mainly concerned with developing creative ideas and innovative methods to deal with an ever-changing environment. Change is therefore a challenging opportunity and necessity for positive growth and development, not merely for the organization overall, but also for the individual employees. To assist this growth and development, the Open Systems manager performs in the broker and innovator roles, and looks to the future for identifying ways to improve ways to move away from status quo.18

3. Rational Goal Approach

A Rational Goal oriented manager believes that a clear direction of the organization will lead to productive outcomes. Therefore, there is a constant focus on such processes as objective clarification, rational analysis, and action taking. All decision making is driven by bottom line consideration and the ultimate value is achievement and profit maximization. The Rational Goal manager is therefore decisive and task oriented.

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The two roles encompassed by the Rational Goal theory are the director and producer. The director role can be seen as the somewhat stereotypical strong or great leader, who takes charge and make things happen. He or she will therefore emphasize managerial vision, planning, goal setting, designing, organizing, and delegating effectively. Therefore, the director focuses on some of the most basic managerial activities, which are identifying a clear, motivating and challenging vision and direction. This includes building towards implementing that vision by empowering and enabling the employees to carry out that vision. The producer role implies that the manager is personally productive. He is motivated, empowered, and committed to the organizational goals and focuses on working productively, fostering a productive work environment, and managing time and stress. Further, the producer creates an organizational environment within which the employees will find motivation, empowerment, and commitment, or in other words, an environment where they are able to work productively. While the manager presses on for productivity, he also focuses on maintaining the overall health and effectiveness of the organization and the employees. Overall, he or she finds it important to accept responsibility, complete assignments, and maintain a high personal productivity in the organization.

Overall the Rational Goal manager’s desired goals are productivity, achievement, and general goal realization. It is assumed that in order to make this happen, one needs to focus on goal clarification and direction. The manager is mainly concerned with maximizing output. In the director role, manager’s are expected to take charge and clarify how, when, and what they expect to achieve by defining problems, establishing objectives, and designing the organizational structure, as well as generating policies. In
the producer role the manager is task oriented and expects high levels of output from self and others. Overall, the Rational Goal manager believes in strong action and to be an effective leader one needs to be independent, strong-willed, and have a vision others are willing to follow.19

4. Internal Process Approach

The organizational emphasis for the Internal Process manager is stability and continuity, which will increase effectiveness. Routine leads to stability and it is therefore important to focus on defining responsibilities, measuring organizational factors, organize documents and records, and so forth. All the decision-making within the hierarchy of the organization is influenced by the existing rules, structures, and tradition. The manager values efficient workflow, and must therefore be technically effective in monitoring and present him or herself as a dependable coordinator.

The two roles within the Internal Process theory are the monitor and coordinator. Although monitoring often tends to have a somewhat negative connotation for people it is nothing more than effective information gathering. However, if it is done poorly or for the wrong reasons, it will most likely have a negative impact on the organization. The monitor believes in monitoring personal performance, managing collective performance and organizational performance. It does not mean that people are put under surveillance, but that the system should be. Therefore, monitoring is fundamentally keeping track of progress within the organization. In achieving effectiveness the manager will, for instance, carry out such tasks as comparing actual and estimated expenditures and

deciding adjustments to the work plan if necessary. The coordinator is primarily focused on the flow of work, while the monitor emphasizes the flow of information. The role of the coordinator involves coordinating the work of employees whether in groups or individually. To ensure an efficient workflow, and that the various activities are prioritized correctly and with minimum friction throughout the organizational process, is the main task of the coordinator. However, this is not carried out in a routine way and neither does it necessarily signify that all decision-making lies with the manager. Instead, it implies coordination so that the appropriate employees are at the right place at the right time, which makes it possible to involve employees in some or all aspects of a task. The manager is concerned with the resources that are needed for different tasks, but individuals as well as work teams can be given authority for carrying out these tasks. General keywords for the coordinator role are managing projects, designing work, and managing across functions. It is important that this way stability and continuity is achieved, however, not at the cost of flexibility and adaptability.

Overall, the monitor and coordinator roles are part of the Internal Process theory, as mentioned, and the desired goal is achieving stability and control. This is mainly done through routine, measurement, and documentation. The main objective is to maintain a smooth workflow and a smooth flow of information. Therefore, the manager will monitor the situation that surrounds him or her and use various analytical tools to control the processes. This managerial theory supposes that things can be kept in equilibrium by enforcing the organizational structures, such as rules, policies, and procedures.

Within the CVF there are several correlations between each of the four theories. Alone, none of the managerial theories will allow the manager to reach his or her
potential in achieving organizational effectiveness. However, by considering all of them as part of a larger framework, one increases choice and potential effectiveness.

The correlation between the theories is apparent, as mentioned earlier, in terms of a horizontal and vertical axis. The vertical axis ranges from flexibility to control from top to bottom, whereas the horizontal ranges from a focus on the organization internally to an external organizational focus from left to right.20

The Human Relations theory is in the upper left quadrant and stresses participation, openness, commitment, and morale. The Open systems model in the upper right quadrant emphasizes innovation, adaptation, growth, and resource acquisition. On the lower right side, the Rational Goal model emphasizes direction and goal clarity, productivity, and accomplishment. And finally, the Internal Process theory in the lower left quadrant stresses documentation, information management, stability, and control.

Looking closer at the Human Relations theory in the upper left quadrant one can see that the axis defines the model by an internal focus, suggesting less external pressure for action. The vertical axis (flexibility) shows that the Human Relations manager also is useful in situations with high ambiguity. In such a situation, it is convenient to bring employees together to hear different ideas and opinions and then develop the appropriate strategy for the problem. It is apparent that this theory can be quite time consuming and can bring out potential differences in the organization, which is why some may find it either uncomfortable or inappropriate. On the other hand, to merely rush to action single-handedly and make command decisions when it is clear that no one person has the

sufficient information about the situation may result in a prolongation or complication of the problem.

The Open Systems theory in the upper right quadrant is defined by an external focus and thereby a greater sensitivity to action, (and high flexibility) which is needed in situations, which are not easily understood or have ambiguous elements. When a situation is defined by high ambiguity and at the same time demands quick action, steps taken are often based on intuition or creative responses. An Open Systems manager is therefore often making quick decisions based on hunches and take intelligent risks, before he or she is certain of the correct answer. In taking risks, however, the manager must be certain that he or she will have the organizational support. Therefore, to be seen as effective in the broker and innovator roles, a manager must acquire the complementary abilities of making educated guesses and then convincing others that this is the correct path to follow.

In the Rational Goal theory the two axes define external organizational focus and high control. The Rational Goal theory, therefore, is somewhat similar to the Internal Process theory in the emphasis on control. Both assume that organizational processes need to be centralized and integrated. The Rational Goal theory is therefore also most applicable in well-understood situations and when objectives are well definable. The horizontal axis on the other hand emphasizes external pressure and shorter timelines. Therefore, in situations characterized by time pressure and the need for centralization of effort, it is appropriate for the manager to take action and specify which direction is to be taken. It is common for employees to look for the manager to be decisive in this type of situation and criticize those who waver in their options.
For an Internal Process manager time is available before action needs to be taken. The Internal Process theory is defined by an internal organizational focus as well, again suggesting less external pressure for action and more internal pressure for communication, coordination, and conformity. Further, the vertical axis stresses that it is also defined by high control. Therefore, this managerial theory could be more useful in a less complex situation where things are well understood or, for instance, when there is a need for maintaining consistency in production; overall, when a situation does not require fast action (little external pressure) and the basic goals are well defined, things are more easily routinized. Clearly, there are times when standards and routine is necessary in an organization and the monitor and coordinator roles in the Internal Process theory are most applicable when there is such a need.

Further, each managerial theory has an apparent opposite. The Human Relations theory, for instance, stands in contrast to the Rational Goal model. The Human Relations theory is defined by flexibility and internal focus and people here are naturally valued, while the Rational Goal theory is defined by control and external focus, where people are only valued if they contribute greatly to achieving the goals of the organization. On the other hand, the Open Systems theory is defined by flexibility and external focus, while the Internal Process model is defined by control and internal focus. The Open Systems manager therefore is concerned with adapting to the continuous change in the environment, the Internal Process manager is more concerned with maintaining stability and continuity inside the organization.

Parallels among the models are also important to view in order to understand the overall framework. The Human Relations and Open Systems managers share an emphasis
on flexibility. The Open Systems and Rational Goal managers share an emphasis on external focus. The Rational Goal and Internal Process manager emphasize control, whereas the Internal Process and Human Relations managers emphasize internal organizational focus.

While a manager may become very strong in a given role, and this strength may carry him or her a long way in his or her career, this does not necessarily mean that he or she will be an effective managerial leader. Effective managerial leaders are behaviorally complex and are able to integrate competing values. Sometimes a person becomes so committed to one role that he or she loses touch with the alternative approaches. This can
make a normally effective person ineffective. To illustrate this figure 2 on the following page includes the concept of the negative zones.

   The middle (white) circle is the positive zone in the Competing Values Framework. The inner and outer circles are considered negative zones. The inner circle is well understood and represents a lack of ability to perform in a given role. In the outer circle, however, each set of positive values is pushed until it becomes negative. Over-emphasizing or under-emphasizing one managerial theory over another results in inefficiency, which will be applied to the four theories in the following.

   The fact that the competencies may be useful in any situation that involves working with people should not imply that it is inherently “right” or that a manager should always be focused on, for instance, the Human Relations aspects of his or her work. Indeed, overuse of the roles can also lead to problems, as overusing any one role or perspective is just as harmful as not having the ability to use it at all. Some managers become so concerned about the needs and feelings of subordinates that they become overly permissive, allowing almost total freedom. In these cases, there is insufficient concern for productivity and goal accomplishment. A productive team orientation then becomes unproductive. The Human Relations theory must be balanced and blended with the others. In particular, it is useful to look at the Human Relations theory together with the Rational Goals theory, because they are seen as conceptual opposites. Clearly the roles in the Human Relations quadrant must be seen in context and must be used appropriately. People in the organization should feel individually valued and should certainly have personal goals, but they should also value the organization’s goals and want to contribute to the overall product or service output. It is the managerial leader’s
job, in the theories of Human Relations and Rational Goal to see to it that these orientations are appropriately balanced. With each of the managerial theories, some people may value the effectiveness criteria associated with the Internal Process model and may tend to overuse those roles. Overusing the Internal Process theory would result in maintaining the status quo when it is time to change, creating rules and procedures for the sake of having rules or procedures, and analyzing situations down to the most minute detail when seeing the big picture is more important. The failure to balance the Internal Process theory with the other theories, particularly with the Open Systems theory, can lead to problems. Indeed, this notion surfaced within the discussion of each role as both made reference to the need to be aware of external issues. Clearly the roles in the Internal Process quadrant must be seen in context and must be used appropriately. Stability and continuity are important values in an organization, but there is also value in flexibility and change. When managerial leaders become to focused on the internal processes of the organization's environment (work and information flow), they lose awareness of the organization's environment and are not able to help the organization adapt when changes in the external environment require new internal processes. It is the manager's job, in the theory of the Internal Process and open systems, to see to it that these orientations are appropriately balanced. Because the Rational Goal model is the oldest example of effectiveness it is seen by some as inherently good. When asked, "how do you know if an organization is effective?" the vast majority of people will first respond by saying "If it meets its goals" or "if it makes a good profit". The notion of leaders being in charge of followers is a strong image that is difficult to put aside. At times, though, acting as a director or producer is not the best course that a manager can take. Indeed, an
overemphasis on productivity can lead to high levels of stress. Thus, as with the previous roles, a failure to balance and blend the Rational Goal theory with the others, particularly the Human Relations theory, can lead to both personal and professional problems. Clearly the roles in the Rational Goal quadrant must be seen in context and must be used appropriately. Productivity and clarity of direction are important values in an organization, but there is also value in having people participate in the decisions that set the direction. When managerial leaders become too focused on the goals and the output of the organization they lose awareness of the people who actually do the work, and create an oppressive sweatshop atmosphere rather than one where people are committed to the work. Alternatively, there are times when leaders must take charge and make decisions they believe to be in the best interest of the organization as a whole, even if individual units are hurt in the short term. It is the manager’s job, in Rational Goal and Human Relations theories to see to it that these orientations are appropriately balanced. Given the current emphasis on the global economy and changes in computing and related technologies, there is a tendency to believe that the Open Systems model is the correct model for our times. In direct response to concerns that we have created organizations that are too controlled, there is a tremendous emphasis on creating flexibility through ad hoc organizational structures through which decisions can be made an action taken more quickly. There is an overriding sense in many organizations that they need to reinvent, reengineer, and restructure. But like the other roles, there are times when acting as a broker or innovator is not the best course that a manager can take. As with the roles in the other three quadrants, failure to balance and blend these roles with other roles, particularly the monitor and coordinator in the internal process theory, can lead to
problems. People who excel in the Open Systems approach are often entrepreneurial and may start a new organization around their vision of a new product or service. Within organizations, these people are sometimes referred to as entrepreneurs and are generally seen as powerful change agents. Whether creating a new organization or creating a power base within an existing organization, these leaders are generally very successful at acquiring resources to support their ideas, allowing their organizations to grow rapidly. As the organization becomes larger and more complex, the need for predictability and control increases. People begin to ask about policies and procedures, lines of authority, formal information systems, and other structures that standardize and routinize. Often, people who excel in the broker and innovator roles resist these trappings of the internal process model. They believe that they have reached success by avoiding the values associated with the monitor and coordinator roles and so conclude that these approaches are antithetical to good management. As a result, some organizational founders are forced to leave their own organization. Clearly the roles in the open systems quadrant must be seen in the context and must be used appropriately. Growth and innovation are important values in an organization, but there is also value in having structures and procedures that create certainty and continuity. When managerial leaders become too focused on expansion and change, they lose awareness of the need for stability and create an atmosphere of chaotic anarchy, where there is great uncertainty and confusion. Alternatively, there are times when a leader must create change because the current path leads to certain organizational death. It is the managerial leader’s job, in the roles of the open systems and internal process theory, to see to it that these orientations are appropriately balanced.
At first, it may seem as if the values within the framework are conflicting. The organization should be adaptable and flexible, but also stable and controlled. Growth, resource acquisition, and external support are desired, but also tight information management and formal communication. There should be an emphasis on the value of human resources, but also on planning and goal setting. In any organization all of these aspects are to some extent necessary, however. The framework does not suggest that these oppositions cannot mutually exist in a real system. It merely suggests that they are at opposites in our minds, because we tend to think about them as mutually exclusive. Moreover, in valuing one over the other we tend to devalue its opposite. However, it is possible, even desirable, to perform effectively in the four opposing theories simultaneously.

B. ECONOMIC IDEOLOGY & MANAGEMENT ETHICS COMPETING VALUES

While managers need to consider potential improvements in organizational and personal managerial performance, there is also a need to simultaneously consider potential ethical improvements and understand economic ideological values. Unethical decision-making and conduct can have severe disadvantages and costs for the organization and can cause loss of managerial and organizational reputation, disturbance in organizational order, and decrease profitability. It can cause customer dissatisfaction, low morale, and lack of cooperation, just to mention a few. Additionally, increasing ethical risks can cause difficulties or suffering on human as well as nonhuman stakeholders, such as did the Exxon Valdez disaster, where managers overworked crews in the oil shipping division. Therefore, ethics can both add and subtract value to organizational performance. Although it might be more common for a manager to
Consider the legal and economic aspects of the business entity, it is equally advantageous to include ethics in the decision-making. This is also true for economic ideology, which has been included in this analysis to investigate the correlation between such personal values and adherence to certain managerial and ethical conduct.21

Achieving ethical effectiveness includes balancing four ethical theories, which are virtue ethics, system development ethics, teleological, and deontological ethics. The four major theories of economic ideology are Community Capitalism, entrepreneurial capitalism, investor capitalism, and entrepreneurial capitalism. All four ethical theories are important in order for the manager to understand the moral aspects and underlying values of the organization and to achieve an overall effective performance. Further, one will note there is a parallel between each theory across ethics, economic ideology, and management.

1. Community Capitalism & Virtue Ethics

Managerial capitalistic managers tend to emphasize long-term financial interests and take on the role of being a corporate statesperson for social responsibility. Here, the organization is not necessarily focused on the short-term investor interests and increasing profits. In reaching economic profitability, the manager emphasizes conducting him or herself as a sound corporate citizen, who applies just labor policies for the employees. Through a generous contribution to the surrounding environment and social needs of the community, the managerial capitalist is responsive to the external social demands. Internally, the organizational objectives become facilitating committed productivity and

building character. In agreement with managerial and economic ideology theories, managers focusing on virtue ethics believe that developing sound character traits is ethically important and of value. Here, character is really a matter of intention, inclination, and virtues that ultimately enables an individual or organization to be prepared to act ethically in every day life. Such persons have well-developed moral and social virtuous as well as the self-discipline to do the “right thing” when needed. A manager may character-wise play fair and adhere to the right rules, but not appear to do so to others. However, virtue ethics is not about a personality trait - but character. Further, virtue ethics also stresses that a person’s sound and balanced character and intentions are more important than actual behavior and consequences of intentions. A virtuous manager will act out of good intentions, adhering to the proper standards, and this is what constitutes his or her character.

2. Entrepreneurial Capitalism & System Development Ethics

With entrepreneurial capitalism the aim is to achieve organizational effectiveness through innovation. Generating change, according to this theory, will stimulate and accelerate economic transformation in the marketplace. Entrepreneurial risk taking, large R&D budgets, and new technology and products/services are keywords compatible with the entrepreneurial capitalistic manager. In correlation to entrepreneurial capitalism, the system development ethics theory emphasizes a supportive framework for continuous improvement of ethical conduct in the organization. Here, managers will be concerned

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about the assessment and development of the work environment and support ethical standards and the continuous implementation of ethical conducts that will sustain this environment. The manager will not merely rely on the character of the employee to uphold the organizational ethical conduct and appearance, as it will be viewed as a risk of encountering potential ethical problems in the future. Ethical standards are therefore deemed necessary to implement in the organization continuously, since they positively affect the microeconomic and macroeconomic environment.²⁵

3. Investor Capitalism & Teleological Ethics

Investor capitalism emphasizes many of the values appreciated in neoclassical economics. Rapid (legal) wealth accrual and short-term goals and objectives are prioritized by the investor capitalistic manager. However, such an organizational focus also requires high accountability and strong network cooperation within the organization. The emphasis is on short-term financial performance using already existing products or services rather than long-term results factoring R&D costs and the risk of new product failure. Likewise, a manager who is teleological ethics oriented will approve of the statement that good results is ethically important and establish the ethical value of actions. For instance, if more benefits than costs are achieved by an individual’s actions than by any other alternative, teleological ethics support the goodness of that choice. Within teleological ethics there are three major types of ethics: egoism (an action is good it maximizes a person’s self-interest, with no consideration for potential costs on other stakeholders), utilitarianism (an action to be good if a maximum number of stakeholders

achieve the greatest amount of satisfaction because of it), and eudemonism (when goals constitutive of human nature and its happiness are fulfilled because of a certain action, such an action is good). Overall, teleological ethics are outcome oriented and focuses on achieving goals, despite the means or consequences.\textsuperscript{26}

4. Regulatory Capitalism & Deontological Ethics

Regulatory capitalism focuses on important rules and regulations determining that without such, there would be no equally competitive market. This economic belief has especially been emphasized when market failure has occurred or in countries that are more socialistic oriented, where the market forces by themselves are not considered potentials of generating an even playing field in the market.\textsuperscript{27} Likewise in ethics, a manager following deontological ethics assumes that his or her responsibility is to carry out and accomplish obligations, abide by proper modus operandi and adhere to moral standards, all of which ultimately is ethically important and establish the ethical value of an action. Here, actions are considered to be morally right no matter their the consequences. In further detail, deontological ethics are comprised mainly of four ethical types, which are negative, and positive rights theories, social contract theories, and social justice theories. According to negative rights of deontological ethics a behavior or action is right if an individual is sheltered from interference from others in the exercise of his or her rights. In positive rights, a behavior or action is right if a person is presented with whatever he or she needs to subsist. Social contract of deontological ethics asserts that a

\textsuperscript{26} Petrick, Joseph A. and Quinn, John F. \textit{Management Ethics: Integrity at Work}. Sage Series Publication, 1997

\textsuperscript{27} Petrick, Joseph A. and Quinn, John F. \textit{The Challenge of Leadership Accountability for Integrity Capacity as a Strategic Asset}. Journal of Business Ethics, Vol. 34, 2001, pp. 331-343
behavior or action is right if it is consistent with the terms agreed upon in a contract or other types of arrangement. Finally, in social justice theory an action is right if it endorse fairness in the distributive, retributive, and compensatory dimensions of social benefits and burdens. Overall, the deontological ethics hold that one must to do the right thing irrespectively of the potential cost of consequence.28

Just as managerial practices require using a balance of all four managerial theories, the ethical manager also requires balance and use of all four ethics theories and the manager needs to understand all four economic ideological theories. Managers who rely exclusively on their natural affinity for one ethical/managerial/economic ideology perspective develop blind spots in dealing with the managerial, moral, and ideological foundation of the organization. They rush to judgment with an inadequate appreciation of the multidimensionality of theories. For instance, a manager devoted to the internal process theory may dismiss an employee for not following proper bureaucratic procedures (a deontological ethical concern) whereas another manager devoted to the open systems approach would reward the same employee for demonstrating creativity in overcoming the antiquated procedures of the existing system (a system development ethical concern).29

In addition, just as extreme over development and underdevelopment of management role competencies can lead to negative managerial performance, extreme over development and underdevelopment of ethics and economic ideology competencies can subvert managerial integrity. On the one hand, extreme underdevelopment of ethical

competencies represents the lack of ability and motivation to act morally, typical of amoral managers, who make all business decisions without any awareness of the ethical dimensions of those decisions.

Extreme emphasis on building character, in line with virtue ethics theory, leads to the paralysis of self absorbed perfectionism and neglect of the improvement of organizational systems that would preclude the necessity for managers to feel like “moral lone rangers” when they have to “go out on a limb” to do the right thing. Extreme emphasis on developing systems, in line with systems development ethics, unduly disrupts the continuity of traditional relationships and risks wasted creativity. On the other hand, extreme overemphasis on achieving moral results, in line with teleological ethics theory, risks treating people with disrespect to get results and jeopardize cooperative, non-competitive relationships. Extreme dependence on fulfilling duties, in line with deontological ethics theory, may lead to rapid, righteous condemnation or moral progress because it involves change and prolonged resistance to moral creativity.

For a manager the world keeps changing. The strategies that are effective in one situation are not necessarily effective in another. Even worse, the strategies that were effective yesterday may not be effective in the same situation today. Managers tend to become trapped in their own style and in the organization’s cultural values. They tend to employ very similar strategies in a wide variety of situations. The overall framework reflects the complexity confronted by people in real organizations. It therefore provides a tool to broaden thinking and to increase choice and effectiveness. Learning to perform well as a managerial leader requires a different approach than does learning to perform well in any one of the leadership roles. In the same way that none of the models discussed provides
the sole answer to organizational effectiveness, no one of the managerial leadership roles provides the sole answer to managerial leadership performance. In the next segment, the ethics, economic, and management competing values framework have been applied to a survey including managers from Denmark and America.

III. RESEARCH FINDINGS & FUTURE RESEARCH OPPORTUNITIES

A. RESEARCH METHOD & HYPOTHESES

For the purpose of studying correlations between ethics, economics, and management attitudes among American and Danish managers a website was created on the basis of the Management Style Assessment. The MSA provides a useful self-assessment tool of current, managerial practices and was limited to twelve questions for this study (three questions were selected for each of the four managerial theories). The MSA questions became the foundation for the creation of twelve questions belonging to managerial ethics, and another twelve belonging to economic ideology, so it would succeed as an assessment tool for all three areas; managerial practice, management ethics, and economic ideology (see appendix 1A and 1B). On completion of the survey, it would then become apparent which theory managers emphasize and whether or not they balance all four.

A total number of 2331 managers were asked to complete the anonymous Internet questionnaire, 1193 managers from Denmark and 1138 from America. These were selected randomly from two websites containing information on persons with managerial positions, as well as contact information. These websites includes both public and private companies from all regions of the country, and only companies of sizes 100-500 were included. The respective response rates for the two countries were 15% for Danish
managers and 3.3% for American managers. A total of 214 questionnaires were completed and included in the analysis.

In the following section the research will focus on addressing four hypotheses:

Hypothesis 1: For American managers, there will be at least a 0.55 correlation or more among their ethics, economic, and management attitudes.

Hypothesis 2: American managers more than Danish managers will tend to emphasize control in their ethics, economic, and management attitudes.

Hypothesis 3: Danish managers more than American managers will exhibit emphasis and correlation among Virtue Ethics, Community Capitalism, and Human Relations theories and attitudes.

Hypothesis 4: Danish managers more than American managers will exhibit extreme managerial practice emphasis according to CVF.

B. RESEARCH FINDINGS

A correlation model is used to investigate the correlation between any two variables. The Pearson correlation will reflect the degree of relationship between $-1$ and 1; where $-1$ signifies a perfect inverse correlation, 0 no correlation, and $+1$ a perfect linear relationship between the two variables. With behavioral data, however, there is almost never a perfect linear relationship, whether positive or negative. The closer the absolute value of the number obtained from the correlation procedure is to 1 the stronger the relationship and the closer to 0, the weaker the relationship. It can be assumed that a 0.40 to 0.59 signifies a somewhat moderate to strong correlation, whereas a 0.60 to 1 indicates a strong correlation between the values (this is true for negative values as well). It is important to note that correlation and causation is not one and the same thing.
Although a correlation value signifies, for instance, that an upward change in one variable is accompanied by an upward change in the other value, it does not mean that one causes the other.

In hypothesis one the author stated earlier that for American managers there will be at least a 0.55 correlation or more among their ethics, economics, and management theories and attitudes. As can be observed in tables 1.A, 1.B, and 1.C, a very strong correlation exists among ethics, economics, and management attitudes for American managers, as correlations range from 59.6 to 85.8, which supports hypothesis one.

Table 1.A: Correlations for the US: Management Ethics & Economic Ideology

<table>
<thead>
<tr>
<th>Management Ethics &amp; Economic Ideology</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory 1 Virtue Ethics &amp; Community Capitalism</td>
<td>85.8</td>
</tr>
<tr>
<td>Theory 2 System Development &amp; Entrepreneurial Capitalism</td>
<td>80.6</td>
</tr>
<tr>
<td>Theory 3 Teleological Ethics &amp; Investor Capitalism</td>
<td>77.0</td>
</tr>
<tr>
<td>Theory 4 Deontological Ethics &amp; Regulator Capitalism</td>
<td>78.8</td>
</tr>
</tbody>
</table>

As can be noted from table 1.A there is a strong correlation between management ethics and economic ideology among American managers overall. The strongest correlation is found to be between the Virtue Ethics and Community Capitalism theories. This suggest that managers who are ethically oriented towards moral character
development in accordance with Virtue Ethics will also tend to be Community
capitalistically oriented with respect to ideology, for instance, by emphasizing long-term
economic interests and the development of sound corporate citizens in the organization.
Likewise, the strong correlation (80.6) between management ethics and economic
ideology for theory 2 indicates that managers following System Development Ethics are
also prone to apply to Entrepreneurial Capitalism. Therefore, managers who are System
Development oriented and are ethically concerned about supporting ethical conduct and
developing moral standards to be followed within the company will also tend to hold
Entrepreneurial Capitalistic values dear, for instance, by emphasizing organizational
effectiveness through innovation and change. Thirdly, despite a lower figure for theory
three, a strong correlation (77.0) exists again for American managers among management
ethics and economic ideology. Here, managers who tend to apply ethical standards
according to the Teleological Ethics theory emphasize good results over the means used
and stakeholder satisfaction, which is in line with their economic ideological beliefs
described by Investor Capitalism, which focuses on short-term goal achievement and
minimizing long-term product innovation or R&D costs. Finally, Regulatory Capitalism
oriented managers tend to be Deontological Ethics oriented (78.6). A strong correlation is
observed for the fourth theory of economic ideology and management ethics, wherefore
American managers emphasizing rules and regulations implementation in accordance
with economic beliefs will also tend to ethically focus on following proper conduct and
moral standards, or “doing the right thing”. Overall, a strong correlation exist between
theories of economic ideology and management ethics, suggesting that American
managers who hold certain ideological beliefs will adhere to ethical conduct and behavior which correspond to these beliefs and values.

While a strong correlation has been established between management ethics and economic beliefs, figures show that the same is true for management practice and management ethics (see table 1.B).

Table 1.B: Correlations for the US: Management Practice & Management Ethics

<table>
<thead>
<tr>
<th>Theory</th>
<th>Management Practice &amp; Management Ethics</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory 1</td>
<td>Human Relations &amp; Virtue Ethics</td>
<td>84.3</td>
</tr>
<tr>
<td>Theory 2</td>
<td>Open Systems &amp; System Development Ethics</td>
<td>75.9</td>
</tr>
<tr>
<td>Theory 3</td>
<td>Rational Goal &amp; Teleological Ethics</td>
<td>83.0</td>
</tr>
<tr>
<td>Theory 4</td>
<td>Internal Process &amp; Deontological Ethics</td>
<td>64.7</td>
</tr>
</tbody>
</table>

American managers who adhere to Human Relations practice in handling organizational matters will also tend to follow Virtue Ethical standards (84.3). Thus, a manager focusing on participative decision-making, team orientation, and involvement/commitment will also emphasize similar values in ethical conduct such as the development of character traits. Secondly, there is a strong correlation between Open Systems practices and System Development Ethics (75.9), as managers who are ethically prone to continuously improve ethical standards within the organization will managerially focus on innovation, flexibility, and adaptability in order to achieve organizational efficiency. Third, American managers have strong correlations between management ethics and management practices in regards to the Rational Goal and
Teleological Ethics theories (83.0). Here, managers who adhere to results oriented ethical standards, where good results and stakeholder satisfaction are prioritized, are in correspondence with managerial practices which emphasize productive outcomes, goal clarification, and bottom line consideration. Finally, the fourth theories of management ethics and management practice show a strong correlation (64.7), although somewhat lower than the average. Here, American managers who are Deontological Ethically oriented and adhere to “doing the right thing” and following proper rules of conduct will also, in their managerial performance, adhere to similar values in that they will be Internal Process oriented and value monitoring and coordinating organizational factors and establishing specific methods of procedure. Overall, there is a strong correlation between theories in regards to management ethics and management practice.

Finally, results from the survey show that American managers also demonstrate strong correlations between economic ideological beliefs and management practice.

Table 1.C: Correlations for the US: Economic Ideology & Management Practice

<table>
<thead>
<tr>
<th>Economic Ideology &amp; Management Practice</th>
<th>Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory 1 Community Capitalism &amp; Human Relations</td>
<td>81.4</td>
</tr>
<tr>
<td>Theory 2 Entrepreneurial Capitalism &amp; Open Systems</td>
<td>59.6</td>
</tr>
<tr>
<td>Theory 3 Investor Capitalism &amp; Rational Goal</td>
<td>75.4</td>
</tr>
<tr>
<td>Theory 4 Regulatory Capitalism &amp; Internal Process</td>
<td>84.2</td>
</tr>
</tbody>
</table>

Here, managers who emphasize Human Relations values and present themselves as mentors or facilitators in the organization also to a high degree (81.4) hold to beliefs
and values in accordance with Community Capitalism, which focuses on developing a sound corporate behavior. At the same time, a lower correlation is found for the second theory – although demonstrating a significant correlation (59.6). Managers, adhering to Open Systems practices in their managerial performance will focus on innovating and improving methods, amongst other things, which corresponds with Community Capitalistic traits where the manager values change and innovation as an important stimuli for economic growth in the market. Also, the Rational Goal and Investor Capitalism oriented theories are strongly correlated (75.4). Here, economic ideologically held values such as short-term interests and goal achievement correlate with managerial practices which emphasize producing outcomes, clear vision, and goal clarification. Finally, economic ideology and management practice show strong correlation with respect to theory four, which addresses regulatory capitalism and internal process management. The main focus in management is here on stability, routine, measuring and organizing organizational factors and documents, which corresponds well with ideological beliefs (regulatory capitalism) emphasizing rules as a standard for achieving an equally competitive market and implementing regulation.

Overall, a strong correlation is found to exist in regards to economic ideology and management practice. Therefore, hypothesis one (for American managers there will be at least a 0.55 correlation or more among their ethics, economic, and management attitudes) has been proven to be correct. A strong correlation (at least 0.55 or more) among American managers and their ethics, economic, and management attitudes exist.

With respect to the second hypothesis, results show that American managers tend to emphasize the two lower quadrant theories, while Danish managers follow the upper
quadrant theories (see appendix 2.D.). As mentioned earlier, it is neither beneficial to over or under emphasize different theories. In order to achieve efficient and optimal organizational performance a manager must aim at balancing all four theories equally (for ethics, economics, and management). On the questionnaire scale (ranging from 1 to 10) a score over 8 signifies that managers overemphasize a certain theory, while a score below two indicate that it is underemphasized. Therefore, scores around 5 is considered optimal and managers balancing theories of ethics, economics, and management along these lines will be master managing.

Here, in particular, the author will first investigate Hypothesis two, stating that American managers more than Danish managers will tend to emphasize control in their ethics, economic, and management theory and attitude.

Table 2: Mean Score of Danish & American Managers: US Control Emphasis

<table>
<thead>
<tr>
<th>Management Ethics, Economic Ideology, &amp; Management Practice</th>
<th>Mean Score</th>
<th>Emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory 3 Teleological Ethics, Investor Capitalism, &amp; Rational Goal</td>
<td>6.65</td>
<td>6.79</td>
</tr>
<tr>
<td>Theory 4 Deontological Ethics, Regulatory Capitalism, &amp; Internal Processes</td>
<td>5.21</td>
<td>7.10</td>
</tr>
</tbody>
</table>

As can be noted by table 2 American managers tend to arrive at higher scores in the lower two quadrants (theories 3 and 4), which emphasize control, which proves hypothesis 2. American managers are more accountable to investors for short-term results, whereas Danish investors exhibit more patience in regards to the management of their financial capital. Further, the regulatory form of capitalism in America can have unpredictable and large litigation costs, relative to Danish regulatory infringement. Since
the lack of control for American managers has more severe consequences in terms of lost financial profits and lowered operational efficiency than Danish managers, American managers focus on control.

Indeed, according to Hofstede American managers (having a higher Power Distance Score) adhere more to autocratic decision-making, tend to supervise subordinates more closely (which is also more accepted by subordinates in America versus Denmark), and to a higher degree see themselves as benevolent decision-makers. Further, Hofstede (in Uncertainty Avoidance measures) demonstrate that American managers emphasize that rules are not to be broken and standards are to be kept.31

In accordance with the CVF’s Rational Goal theory, American managers in their management practices have a strong results orientation and are decisive and task oriented. Here, there is an overall emphasis on vision, planning, goal setting, delegating, empowerment, and generating productive outcomes. Further, the results show, in accordance with the internal process theory, American managers focus on routine, measuring organizational factors, documenting records, and implementing organizational structures and rules with the overall goal to achieve stability and control internally. Ethically, the teleological theory is emphasized by American managers where good results are morally valued. Further, deontological ethics are prioritized in American corporate life, according to which actions are considered to be right no matter the consequence – the important matter is to that a person does the right thing irrespective of potential cost of consequence. Economically held values are results oriented as well among American managers. Here, there is a strong emphasis on legal profiting and short-

term goal achievement (investor capitalism). Likewise, the high score obtained for theory 3 (regulatory capitalism) in regards to economic ideology, supports the hypothesis that American managers are control oriented, as they will tend to emphasize rules that provide an even playing field.

Hypothesis three states Danish managers more than American managers will exhibit emphasis and correlation among virtue ethics, community capitalism, and human relations approaches. The results obtained and presented in table 3 show that this hypothesis has been proven correct, as Danish managers on average emphasize theories 1 across ethics, economics, and management attitude.

Table 3: Mean Score of Danish & American Managers: Danish Flexibility Emphasis

<table>
<thead>
<tr>
<th>Management Ethics, Economic Ideology, &amp; Management Practice</th>
<th>Mean Score</th>
<th>Emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Theory 1, Virtue Ethics, Community Capitalism, &amp; Human Relations</td>
<td>7.64 6.64</td>
<td>Flexibility</td>
</tr>
</tbody>
</table>

These results are consistent with a less individualistic ideology in Denmark. According to Trompenaars the collectivist approach in Danish Management will view the group as its end and improvements to individual capacity as a means to that end. In agreement with Hofstede, Trompenaars states that Danish management is more flexible oriented, less controlling, in its approach and attitudes. There is a stronger emphasis on collective group involvement, participative decision-making, and openness across professional levels.32

In accordance with results, in management ethics Danish managers tend to follow conduct that has a long term focus, where regard for the individual and the work environment is carried out. Americans overall have a more result oriented ethics management, where meeting the bottom line determines the ethical value of actions. The same is true in regard to economic ideology, where American managers emphasize the investor and regulatory capitalism theories, where a short term focus on rapid wealth accumulation, as well as a coordination of the rules and regulations are the main beliefs and values. Danish managers achieve a relative high score in Community Capitalism theory with a focus on social responsibility for the work and surrounding community and character building are accorded a higher value.

Hypothesis four states that Danish managers more than American managers will exhibit extreme managerial practice attitude according to the CVF. The results obtained and presented in table 4 proves this hypothesis correct, as Danish managers – despite obtaining lower scores in management ethics and economic ideology (in regard to theory 2 and 3), obtain a higher score in management practice (8.36 and 8.49 respectively). Scores over eight are considered extreme and risk negative in terms of performance.

Table 4: Danish and American Extreme Attitude Identification

<table>
<thead>
<tr>
<th>Management Ethics</th>
<th>Mean</th>
<th>Economic Ideology</th>
<th>Mean</th>
<th>Managerial Practice</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>DK</td>
<td>US</td>
<td>DK</td>
<td>US</td>
<td>DK</td>
</tr>
<tr>
<td>Virtue Ethics</td>
<td>7.82</td>
<td>6.52</td>
<td>Community Capitalism</td>
<td>7.20</td>
<td>7.37</td>
</tr>
<tr>
<td>System Dev. Ethics</td>
<td>7.18</td>
<td>6.92</td>
<td>Entrepreneurial Cap.</td>
<td>7.52</td>
<td>5.82</td>
</tr>
<tr>
<td>Teleological Ethics</td>
<td>6.36</td>
<td>6.84</td>
<td>Investor Capitalism</td>
<td>5.09</td>
<td>7.39</td>
</tr>
<tr>
<td>Deontological Ethics</td>
<td>5.74</td>
<td>7.55</td>
<td>Regulatory Capitalism</td>
<td>4.15</td>
<td>7.12</td>
</tr>
</tbody>
</table>
Here, the open systems theory indicates Danish management focus on such factors as innovation, development, and political adaptation. It is interesting to note that the scores indicate that Danish managers tend to overemphasize open systems and rational goal theories. This can, on the one hand, result in a disruption of stability or continuity and create waste due to opportunistic experimentation. Overemphasizing open system management is changing for changes sake, where human energy is wasted due to envisioning unrealistic futures. Secondly, overemphasizing rational goal management by using achievement of economic growth goals as the main performance standard may create an environment of exhaustion or stress for employees and inconsistency.

This tendency for Danish managers to strongly emphasize the open systems and rational goal theories in the management practice is possibly due to managers in small countries being prone to excess just to appear competitive in the external environment. Under global competition Danish managers, like managers from other small countries, may strain to generate competitive performance in order to achieve successful performance and keep pace with the rapidly changing external market.

American managers, overall obtain well-balanced scores in the managerial practice area, with the highest score being in regard to open systems and internal processes, which focuses on innovative development and efficient processing.

C. RESEARCH LIMITS AND FUTURE RESEARCH OPPORTUNITIES

The research findings of this paper were limited by two factors: the response rate and survey question misinterpretation. Although a satisfactory response rate was obtained from Danish managers, only 3.3% of the responses from American managers were
included in the research. Therefore the American sample is not as representative as the Danish.

Secondly, although the author is bilingual the interpretation of the Danish version of the questionnaire may have differed from the American version on several questions. Questions were translated carefully in order to avoid potential differences in interpretations between Danish questions and the original American question set, however, it is possible that some minor differences exist.

With regard to future research opportunities, the following areas are opened up: 1) Cross-cultural research to confirm the findings among managers from another smaller country; 2) more in-depth research on particular scenarios where the alignment of ethics, economics, and management attitudes are strongly aligned; and 3) practical applications with regard to improving cross-cultural management education for expatriates.
IV. SUMMARY

The author completed a cross-cultural, comparative empirical survey of American and Danish managers and confirmed four hypotheses.

According to hypothesis one it was found that a strong correlation exists between ethics, economics, and management for American managers. Further, hypothesis two demonstrated that American managers emphasize control in ethics, economics, and management, while hypothesis three illustrate that Danish managers tend to focus on a more flexible approach or attitude. Finally, the fourth hypothesis illustrates that some smaller countries might emphasize extreme managerial attitudes to be externally competitive.

The limits of the research and future research opportunities were treated.
Appendix 1. A.: American Questionnaire

Listed below are some statements that describe managerial practices and beliefs. Use the scale to indicate how often you engage in or endorse the following conduct. Please consider each question carefully. (Note: Scale ranges from 1 (almost never) to 10 (almost always)). As a manager, how often would you..

1. endorse the belief that continually innovating products/services is the primary means to enhance economic performance?
2. emphasize that it is an ethical priority at work to satisfy the largest number of stakeholders?
3. in accordance with managerial practices listen to the personal problems of subordinates?
4. endorse the belief that an unrestrained free market has adverse impacts and must be regulated for optimal market efficiency?
5. evaluate and audit ethics practices in the organization to continually improve the moral climate of the work place?
6. act in a trustworthy way to lead by moral example at work?
7. follow managerial practices by maintaining tight logistical control in work place?
8. endorse the belief that investor returns is the highest priority in the market place?
9. do managerial problem solving in creative and clear ways?
10. endorse the belief that social responsibility is a primary ingredient of economic progress?
11. monitor compliance with the organization's ethical standards or norms of conduct?
12. in accordance with managerial practices ensure that individuals deliver on stated goals?

13. endorse the belief that economic progress is determined by the investor activity of entrepreneurs?

14. encourage that the organization focuses on achieving good results despite the means used?

15. follow managerial practices by holding open group discussions of work related issues?

16. establish a development of ethics practices in the organization to support moral decision-making?

17. follow managerial practices by monitoring compliance with the rules in the organization?

18. endorse the belief that achieving maximum returns in the short term is essential for economic progress?

19. encourage people to become better persons at work by supporting virtuous work habits?

20. in accordance with managerial practices influence decisions made at higher levels?

21. endorse the belief that regulating the market is necessary to achieve an even playing field?

22. follow managerial practices by maintaining a results orientation in the organization?

23. measure and maintain tight ethical control in the workplace?

24. endorse the belief that assuming responsibility for the social needs of subordinates and the community enhances economic progress?

25. follow managerial practices by searching for innovation and potential improvements of products/services?
26. in accordance with managerial practices compare records, reports, etc. to detect discrepancies in the organization?

27. emphasize that the ethical priority at work is to deliver on stated goals that maximize stakeholder satisfaction?

28. endorse the belief that entrepreneurial risk taking is the primary means to enhance economic performance?

29. endorse the belief that only a regulated (as opposed to an unregulated) market will generate economic progress?

30. in accordance with managerial practices encourage participative decision-making in the organization?

31. emphasize that a person's action (and its consequences) is not as important as the person's character and intention?

32. endorse the belief that achieving profits by any means (with existing products) is the primary driver of economic progress?

33. encourage individuals in the organization to follow the right rules as it determines the ethical value of their actions?

34. follow managerial practices by regularly clarifying the objectives of the organization?

35. endorse the belief that it is important to act as a sound corporate citizen supporting fair labor policies?

36. measure and improve the organization's ethical work environment over time?
Appendix 1.B.: Danish Questionnaire

Forskellige udtalelser nedenfor beskriver ledelsespraksis og meninger. Brug venligst skalaen for at angive hvor ofte De participerer i eller støtter de følgende handlemåder.

Overvej venligst hvert spørgsmål omhyggeligt. Som leder, hvor ofte ville De...

1. støtte tankegangen at fortsat innovation af produkter/service er principiel for økonomisk fremgang?
2. fremhæve at det er en etisk prioritet på arbejdspladsen at tilfredsstille flest mulige antal parthavere?
3. i overensstemmelse med daglig ledelse lytte til de underordnede/ansattes personlige problemer?
4. støtte tankegangen at et uindskænket frit marked har ugunstige bivirkninger og bør reguleres for at opnå optimal markedseffektivitet?
5. evaluere og revidere de etiske forhold i organisationen for vedvarende at forbedre det moralske klima på arbejdspladsen?
6. optræde på en tillidsvækkende måde for at fremstå som et moralsk eksempel på arbejdspladsen?
7. imødekomme ledelsespraksis ved at hævde en stram logistisk kontrol på arbejdspladsen?
8. støtte tankegangen at investorudbytte bør have højeste prioritet på markedet?
9. løse ledelsesspørgsmål på en kreativ og klar måde?
10. støtte tankegangen at socialt ansvar er en forudsætning for økonomisk fremgang?
11. føre kontrol med organisationens etiske standarder og normer?
12. i overensstemmelse med daglig ledelse sikre at den enkelte ansatte opfylder forventede mål?
13. støtte tankegangen at økonomisk fremgang er betinget af entreprenørers/iværksætteres investeringsaktiviteter?

14. opmuntre organisationen til at fokusere på at opnå gode resultater til trods for de anvendte midler?

15. imødekommem ledespraksis ved at holde åbne gruppediskussioner om arbejdsrelaterede emner?

16. etablere en udarbejdelse af etisk praksis i organisationen for at fremme moralsk beslutningstagning?

17. imødekommem ledespraksis ved at føre kontrol med om organisationen er i overensstemmelse med interne regler?

18. støtte tankegangen at opnåelse af kortfristet maksimaludbytte er afgørende for økonomisk fremgang?

19. opmuntre de ansatte til at blive bedre mennesker på arbejdspladsen ved at fremme moralske arbejdsvaner?

20. i overensstemmelse med ledespraksis påvirke bestemmelser vedtaget på højeste plan?

21. støtte tankegangen at det er nødvendigt at regulere markedet for at opnå lige markedsvilkår?

22. imødekommem ledespraksis ved at bibeholde resultatorientering i organisationen?

23. bedømme og opretholde en stram etisk kontrol på arbejdspladsen?

24. støtte tankegangen at man øger økonomisk fremgang ved at påtage sig et ansvar for de ansatte og det omkringliggende samfunds sociale behov?

25. imødekommem ledespraksis ved at eftersøge innovation og potentielle forbedringer af produkter/service?
26. i overensstemmelse med daglig ledelse sammenligne dokumenter, rapporter, osv., for at opfange uoverensstemmelser i organisationen?

27. fremhæve at den etiske prioritet på arbejdsplassen er at opfylde fastsatte mål, som maksimerer parthavernes tilfredsstillelse?

28. støtte tankegangen at risikovillighed på entreprenør-/iværksætterplan er den vigtigste forudsætning for at opnå økonomisk fremgang?

29. støtte tankegangen at kun et reguleret (modsat et ureguleret) marked vil frembringe økonomisk fremgang?

30. i overensstemmelse med ledelsespraksis opmunte til medbestemmelse i organisationen?

31. fremhæve at en persons handling (og konsekvenserne deraf) er mindre vigtig end en persons karakter og hensigt?

32. støtte tankegangen at opnåelse af ubytte/overskud på enhver tænkelig måde (med eksisterende produkter) er den primære drivkraft til økonomisk fremgang?

33. opmunte de ansatte i organisationen til at følge retslige regler da det viser den etiske værdi af deres handlinger?

34. imødekomme ledelsespraksis ved regelmæssigt at klarrègge organisationens målsætning?

35. støtte tankegangen at det er vigtigt at opføre sig som en solid korporativ person ved at støtte retfærdig arbejdspolitik?

36. bedømme og forbedre organisationens etiske arbejdsmiljø på længere sigt?
2.8. Danish & American Economic Ideology

Entrepreneurial Capitalism

Community Capitalism

(External)

(Flexibility)

(Internal)

Regulatory Capitalism

Investor Capitalism
2.D. Danish & American Managers (cumulative)
BIBLIOGRAPHY


