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Perceptions about ethics institutionalization and quality of work life: Thai versus American marketing managers

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ABSTRACT

Previous research suggests that ethics institutionalization positively influences quality of work life (QWL). This study hypothesizes that the effect of ethics institutionalization on QWL is stronger for Thai than U.S. managers, because the Thai culture is collectivistic, whereas the U.S. culture is individualistic. Survey data were collected from Thailand from a sample of marketing managers of Thai companies listed on the Stock Exchange of Thailand (SET). The U.S. data involved a sample of U.S. members of the American Marketing Association. The results provide partial support for the hypotheses.

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1. Introduction

In recent years, organizations have increased efforts to institutionalize ethics, partly because such efforts positively affect employee behavior. In addition, Singhapakdi and Vitell (2007; and Vitell and Singhapakdi, 2008) suggest that legislation such as the United States (U.S.) Federal Sentencing Guidelines of 1987, which reduces penalties for organizations that comply with minimum requirements, encourages ethics institutionalization.

Similarly, Thailand enacted legislative changes in recent years aimed at reducing corruption. Wongtada, Virakul, and Singhapakdi (2006) write that "there has been a reduction in corruption [in Thailand] partly due to the establishment of the new constitution and overall public attitudes" (p. 622). Wongtada et al. (2006) also stress that the preceding economic downturn "resulted in increased public disapproval of corruption" (p. 622), which they find to be more prevalent in Thailand than in some neighboring "competitor countries" like Malaysia and Singapore. They write that "acceptance of widespread corruption by rising middle-class Thais has declined, because such practices have frightened off foreign investment…this group views…corruption as a roadblock to economic advancement" (p. 622). Though they note legislative changes, Wongtada et al. (2006) do not mention whether ethics principles are becoming institutionalized in business settings, which might benefit the country's economy.

Recent years have also brought greater scholarly interest in efforts to raise the quality of life at work. One might expect that ethics institutionalization would positively affect different aspects of quality of life at work. As Singhapakdi and Vitell (2007, p. 287) argue, "organizations that institutionalize ethics appear to value integrity and trust and, as a result, often treat their employees more fairly in terms of compensation, performance evaluation, promotion and conflict resolution."

Though evidence shows increased interest in both ethics institutionalization and quality of work life (QWL) in both the United States and Thailand, the relationship between ethics institutionalization and QWL in Thailand may differ from that in the U.S. Thailand's culture is characterized as collectivistic, whereas the U.S. culture is individualistic, which could certainly be a factor in strengthening or weakening the effect of ethics institutionalization on QWL. Perhaps the ethics institutionalization effect is stronger in a collectivistic culture because of more effective group dynamics. This study examines the effects of ethics institutionalization on different aspects of employees' QWL in the U.S. and in Thailand. In addition, the work compares the relative effects of ethics institutionalization on different aspects of QWL in the two countries. No previous study has compared these variables between countries that differ so significantly in terms of culture and economic development.

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If the effect of ethics institutionalization on QWL is stronger in collectivistic cultures such as Thailand, the managerial implications are profound: it would be more important to institutionalize ethics programs in such countries, because the effort would have a stronger impact on QWL. Not to say that efforts of ethics institutionalization in individualistic countries are not important, but if the results support the expectation, efforts at institutionalizing ethics in places like Thailand should be considered a very important goal. With that possibility in mind, a review of the relevant literature follows, leading to the study's hypotheses.

2. Literature review and hypotheses

This section reviews the literature related to the distinction between Thai and U.S. business organizations in regard to ethics institutionalization and QWL.

2.1. Ethics institutionalization

Singhapakdi and Vitell (2007) define institutionalization of ethics as "the degree to which an organization explicitly and implicitly incorporates ethics into its decision-making processes" (p. 284). Following Brenner's (1992) explicit/implicit categorization, Singhapakdi and Vitell (2007) explain that "[i]mplicitly incorporating ethics means that ethical behavior is implied, or not directly expressed, and is understood to be crucial; explicitly incorporating ethics means that ethical behavior is formally expressed without vagueness" (p. 285). Implicit forms of ethics institutionalization include ethical leadership and open communication. Explicit forms include codes of ethics and ethics training.

Because it refers to rules, uncertainty avoidance is one cultural factor that should affect ethics institutionalization. As Hofstede (1980, p. 185) writes, "organizations reduce internal uncertainty…by the setting of rules and regulations". One might expect more codes of ethics in countries that have higher uncertainty avoidance, and Thailand is higher on this dimension than the U.S. (64 vs. 46). On the other hand, using Hall's (1976) high/low context dichotomy, one would expect more explicit ethics institutionalization in a low-context country like the United States, where communication is more explicit, than in a more high-context country such as Thailand.

Individualism/collectivism may also influence ethical behavior and ethics institutionalization. Scholtens and Dam (2007) test correlations between Hofstede's research on workplace values (1980) and a number of measures related to ethics codes (e.g., does the company have an ethics code? Does the company have policies on bribery?). Scholtens and Dam's (2007) strongest finding "is for the positive association between individuality [sic] and ethical conduct" (2007, p. 281). They conclude that "individualism puts an agent's own responsibility on the foreground and, therefore…firms will pay more attention to their ethical policies" (2007, p. 280). In the Hofstede (1980, p. 222) data, the U.S. is significantly more individualistic than Thailand (91 vs. 20). This result is confirmed in the more recent GLOBE study (House, Hanges, Javidan, Dorfman, & Gupta, 2004), in which the U.S. scores much lower (4.25 vs. 5.71) on practices of in-group collectivism (p. 469).

Marta and Singhapakdi (2005) find that U.S. organizations have higher corporate ethical values than Thai organizations. Hunt, Wood, and Chonko (1989) conceptualize and operationalize that corporate ethical values are positively related to both explicit and implicit forms of ethics institutionalization. This finding, as well as the above discussion, therefore leads to the hypothesis that:

H1. Thai organizations have a lower degree of explicit ethics institutionalization than U.S. organizations.

As noted earlier, according to Singhapakdi and Vitell (2007) implicit ethics institutionalization "means that ethical behavior is implied, or not directly expressed, and is understood to be crucial" (p. 285). An organization would not likely reflect a culture of ethics (implicit ethics institutionalization) without explicit forms of ethics institutionalization (codes of ethics, ethics training, ethics committees, ethics enforcement, etc.). In fact, Singhapakdi, Sirgy, Lee, and Vitell (2010) demonstrate that explicit ethics institutionalization is an antecedent of implicit ethics institutionalization. As such, because Thai organizations are expected to have lower explicit ethics institutionalization, they should also report lower degrees of implicit ethics institutionalization. This expectation is also consistent with the findings of Marta and Singhapakdi (2005) on corporate ethical values, which were significantly higher in U.S. firms. Accordingly:

H2. Thai organizations have a lower degree of implicit ethics institutionalization than U.S. organizations.

2.2. Quality of Work Life (QWL)

QWL is defined as "employee satisfaction with a variety of needs through resources, activities, and outcomes stemming from participation in the workplace" (Sirgy, Efraty, Siegel, & Lee, 2001, p. 242). Studies demonstrate that employees with high QWL tend to report high levels of identification with their organizations, job satisfaction, job performance and lower levels of turnover and personal alienation (e.g., Carter, Pounder, Lawrence, & Wozniak, 1990; Efraty & Sirgy, 1990; Efraty, Sirgy, & Claiborne, 1991; Lewellyn & Wibker, 1990). One conceptualization of QWL, based on need-hierarchy theory (Maslow, 1970), regards QWL as employee satisfaction of seven sets of human developmental needs: (1) health and safety needs, (2) economic and family needs, (3) social needs, (4) esteem needs, (5) actualization needs, (6) knowledge needs, and (7) esthetic needs (Sirgy et al., 2001). Based on their research, these seven dimensions collapse into two major categories: lower-order and higher-order needs, a la Maslow. Lower-order QWL is comprised of health/safety needs and economic/family needs; higher-order QWL includes social, esteem, self-actualization, knowledge, and esthetic needs. While some scholars question the relevance of some of the seven needs in collectivist cultures (e.g., Gambrel & Cianci, 2003; Nevis, 1983), the authors (representing both cultures) believe the distinction between lower-order QWL and higher-order QWL applies across cultures. Therefore, this study compares Thai and U.S. marketing managers on both categories of QWL.

2.3. Lower-order QWL

The authors expect differences between Thais and Americans on the degree to which they are satisfied with how well their lower-order needs are being met by their employers. This expectation is based largely on differences in economic development. The lower economic development level in Thailand ($8700 GDP per capita, at PPP, in 2010 versus $47,200 for the U.S., according to the Central Intelligence Agency (2011)) indicates that firms in Thailand may not meet lower-level needs as well as those in the U.S. Less-developed legal systems in poorer countries also often impose fewer safety regulations on businesses. Therefore, this study predicts that:

H3a. Lower-order needs of marketing managers in Thai organizations are less satisfied than those of marketing managers in U.S. organizations.

2.4. Higher-order QWL

Higher-order QWL refers to organizational programs designed to meet employees' social, esteem, self-actualization, knowledge and esthetic needs (e.g., Maslow, 1970; Sirgy et al., 2001). The ideas are related to the implicit organization communication literature, which focuses on developing shared meaning and values within organizations,

which raises employee morale and performance (e.g., Hoogervorst, van der Flier, & Koopman, 2004). Such effort may be a lower priority for firms of less-developed countries. Businesses in less-developed countries may be less able to afford the resources needed to promote higher-order QWL programs. Firms in richer countries should be more able to afford the basic "fodder" to meet higher-order needs, such as training programs, merit awards, imposing architecture and even fine art to decorate corridors and offices. Therefore, one may assume that perceived higher-order QWL would be higher in developed countries such as the U.S. than in less developed countries such as Thailand.

On the other hand, employees in collectivist countries may be more likely to consider their companies among the in-groups to which they are emotionally committed. Hofstede (1980, p. 217) writes that "[m]ore collectivist societies call for greater emotional dependence of members on their organizations; in a society in equilibrium, the organizations should in return assume a broad responsibility for their members." Hall (1976, p. 98) writes that "high-context cultures [Thailand] make greater distinctions between insiders and outsiders than low-context cultures [U.S.] do." Similarly, Trompenaars and Hampden-Turner (1998, p. 17) find that people in Thailand consider their firms more as social groups, whereas Americans think of them more as "systems designed to perform functions and tasks in an efficient way." Therefore, Thais may have a real sense of belonging in their organizations, and tend to bond more with managers, feeling that other employees are part of the family, and leading to a perception that their higher-order needs are met at work. Based on this, Hypothesis 3b proposes that:

H3b. Higher-order needs of marketing managers in Thai organizations are more satisfied than those of marketing managers in U.S. organizations.

2.5. Comparing the effect of ethics institutionalization on QWL

Singhapakdi et al. (2010) demonstrate that explicit ethics institutionalization can have a positive effect on the implicit form, which in turn affects QWL positively. This study replicates their overall model. As shown in Fig. 1, the model proposes that explicit ethics institutionalization is likely to influence both aspects of QWL positively through implicit ethics institutionalization. This research thus proposes the following hypotheses:

H4a. The greater the degree of explicit institutionalization of ethics in an organization, the greater the degree of implicit institutionalization of ethics.

H4b. The greater the degree of implicit institutionalization of ethics in an organization, the higher the satisfaction with lower-order QWL.

H4c. The greater the degree of implicit institutionalization of ethics in an organization, the higher the satisfaction with higher-order QWL.

This study also compares the strength of the effect of ethics institutionalization on QWL in Thailand with that in the U.S. Based on a review of the literature, no study has directly compared the effect of ethics institutionalization on employees' QWL between these two countries, or between any two countries with such profound cultural and economic differences.

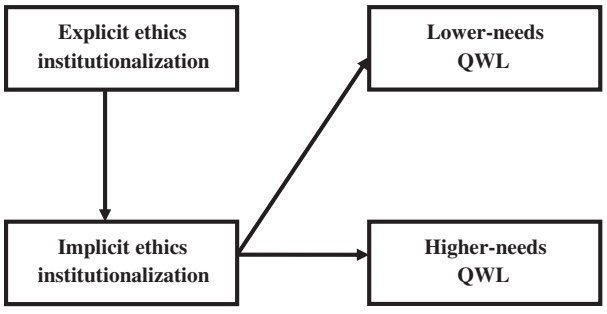

Fig. 1. The conceptual model.

Specifically, one might argue that the link between explicit and implicit forms of ethics institutionalization willlikely be stronger in Thailand than in the U.S., because Thailand's culture is collectivistic, whereas the U.S. culture is individualistic. People in collectivistic societies are more susceptible to social suasion and tend to conform much more readily than people in individualistic societies (e.g., Harrison & Huntington, 2000; Hofstede, 1980; House et al., 2004; Trompenaars & Hampden-Turner, 1998). Therefore, Thai managers should conform more readily to explicit forms of institutionalization than U.S. managers. Implicit ethics institutionalization can be construed as internalizing ethics rules and guidelines. In a collectivist society, where communication is generally implicit, one would expect conformance to lead to a more general agreement with the guidelines, which would manifest itself in a stronger implicit institutionalization. Therefore, the link between explicit ethics institutionalization and implicit ethics institutionalization will likely be stronger in Thailand than in the U.S.

H5a. The effect of explicit ethics institutionalization on implicit ethics institutionalization is stronger for Thai marketing managers than for American marketing managers.

The same rationale applies regarding the effect of implicit ethics institutionalization on QWL, both lower-order and higher-order. Because managers in collectivistic countries such as Thailand are likely more conforming, if they perceive their organization as ethical they are also likely to perceive their organization as high on QWL, and vice versa. In addition to the possible effects of collectivism on these constructs, Hall's (1977) ideas about high- and low-context cultures may be relevant. Thailand is a high-context culture and the U.S. is low. According to Kotabe and Helsen (2004, p. 111), "[t]he interpretation of messages in high-context cultures rests heavily on contextual clues. What is left unsaid is often as important (if not more) as what is said." Low-context cultures, on the other hand (also p. 111), place "more emphasis on the written or spoken word…The context, within which messages are communicated, is largely discounted." Such a cultural orientation may mean that the effects of implicit ethics institutionalization will be stronger in Thailand, because they are conveyed through a more complex system of cues, embedded in the communication patterns of Thais. Implicit ethics institutionalization may work in the opposite way in a low-context culture; it may be part of the context that is discounted.

In addition, higher uncertainty avoidance should strengthen the relationship between institutionalization of ethics and QWL. A manager with strong uncertainty avoidance would tend to value institutionalized ethics as a source of QWL more strongly than a manager with weaker uncertainty avoidance. As mentioned previously, Thailand has a higher level of uncertainty avoidance than the U.S. Given this theoretical rationale:

H5b. The effect of implicit ethics institutionalization on lower-order QWL is greater for Thai marketing managers than for American marketing managers.

H5c. The effect of implicit ethics institutionalization on higher-order QWL is greater for Thai marketing managers than for American marketing managers.

3. Method

This study used a self-administered survey in both countries to test the hypotheses. The survey questions measure ethics institutionalization, QWL, and selected demographics.

In order to conduct cross-cultural comparison, Thai university professors (both with doctorates from the United States) translated

the questionnaire from English into Thai and then back-translated it. In order to ensure meaning equivalence, the researchers also pre-tested the questionnaire, using a sample of 55 graduate students at a major university in Thailand. Because the scales had been created in the U.S., the authors (who include Thais and Americans) were careful to evaluate construct equivalence at various stages, including in discussions between themselves about functional, conceptual, and category equivalence, as recommended in Hult et al. (2008). They reached full agreement about the domain of the constructs.

3.1. The Thai sample

The sampling frame was marketing managers in 514 Thai firms listed on the Stock Exchange of Thailand (SET). For firms to be listed on SET, a head office must be located in Thailand, and Thai shareholders must hold at least 40–49% of the shares, depending on the industry. Some of the firms, therefore, are multinationals, and others are domestic. The Thai co-author who currently resides in Thailand examined the list of companies and certifies that the sample of firms includes a representative variety of management techniques (i.e., some use Thai-style family management techniques and others use more universal techniques) used by companies in Thailand. The data collection process ensured anonymity of the respondents.

The authors mailed questionnaires to marketing managers of all 514 SET companies, and a second set later, to non-respondents. The first round yielded 92 questionnaires with usable data, and the second yielded 60, for a total of 152, and a response rate of 29.5%. The test for non-response error, using the extrapolation method suggested by Armstrong and Overton (1977), revealed no statistical differences on any variables.

Table 1 shows the demographic profile of Thai respondents. Slightly more than fifty percent were male. Approximately nine percent were under thirty years old, 35.5% were in their thirties, 36.8% in their forties, 16.4% in their fifties, and 1.3% were over 60. Twelve percent had less than six years of business experience, 14.7% had 6–10 years, 20.7% had 11–15 years, 19.3% had 16–20 years, 15.3% had 21–25 years, and 18% had over 25 years. In terms of firm size; 61% of the firms have fewer than 500 employees, 28.4% between 500 and 3000, and 20.8% over 3000. The firms offer a wide variety of products and services.

3.2. The U.S. sample

The U.S. data collection used a web-based survey of 2820 randomly selected U.S. practitioner members of the American Marketing Association. Of the 2792 letters delivered inviting them to access the survey questionnaire via a website of a major university in the Southeastern U.S., 230 persons responded for an effective response rate of 8.2%. The response rate, though somewhat low, is comparable to a recent U.S. study using the same approach by Singhapakdi and Vitell (2007). The test for non-response bias found no significant differences.

With the exception of years of business experience, the demographic characteristics of the U.S. marketing managers are quite similar to those of the Thai marketing managers. Forty-six percent of respondents were male and 54% were female. Ten percent of respondents were under thirty, 30.4% in their thirties, 29.6% in their forties, 22.2% in their fifties, and 7.8% were over 60. About 8% reported having less than six years of business experience, 18.4% had 6–10 years, 17.5% had 11–15 years, 16.2% had 16–20 years, 13.2% had 21–25 years, and 26.8% had over 25 years. About 55% of the firms have fewer than 500 employees, 39.5% have between 500 and 3000, and 6.8% have more than 3000. The firms produce a wide variety of products and services.

Table 1
Sample characteristics.

Variables	US (%) N = 230	Thai (%) N = 152
Gender		
Male	46.0	50.3
Female	54.0	49.7
Age		
29 or under	10.0	9.9
30–39	30.4	35.5
40–49	29.6	36.8
50–59	22.2	16.4
60 or over	7.8	1.3
Years of business experience		
Under 6	7.9	12.0
6–10	18.4	14.7
11–15	17.5	20.7
16–20	16.2	19.3
21–25	13.2	15.3
Over 25	26.8	18.0
Firm size		
Less than 500 employees	61.0	54.7
501–1000	8.3	23.6
1001–1500	3.1	8.8
1501–2000	3.5	2.0
2001–2500	1.8	1.4
2501–3000	1.8	2.7
More than 3000	20.6	6.8
Industry type		
Agro and food	0.9	8.6
Consumer products	14.2	5.9
Financials	15.6	15.8
Industrials	32.9	15.8
Property and construction	4.9	23.0
Resources	0.9	2.6
Commerce	4.9	10.5
Technology	12.4	6.6
Others	13.3	11.2

3.3. Measures

3.3.1. Ethics institutionalization

The measure developed by Singhapakdi and Vitell (2007) has two dimensions: explicit institutionalization (seven items) and implicit institutionalization (nine items). The entire scale is reproduced in Appendix A. A five-point scale ranging from 1 = "very false" to 5 = "very true" captured responses.

3.3.2. QWL

The basic premise of the QWL construct is that employees bring a cluster of needs to their organizations and are likely to perceive a higher QWL when those needs are satisfied through work in that organization. Specifically, the researchers conceptualize QWL in terms of satisfaction of two sets of needs: lower- and higher-order. The exact items are borrowed from Sirgy et al.'s (2001) measure, reproduced in Appendix B. Lower-order needs (LQWL) include those related to health, safety, finance, and family. Specifically, health and safety needs involve protection from ill health and injury at work and outside of work, and enhancement of good health. Satisfaction of economic and family needs involves pay, job security, and other family needs.

Higher-order needs (HQWL) include social, esteem, self-actualization, esthetic, and knowledge needs. Satisfaction of social needs involves collegiality at work and leisure time off work. Satisfaction of esteem needs involves recognition and appreciation of one's work within the organization and outside of it. Satisfaction of actualization needs involves realization of one's potential within the organization and as a professional. Satisfaction of knowledge needs

involves learning to enhance job and professional skills. Satisfaction of esthetic needs involves creativity at work, personal creativity, and general aesthetics.

Sirgy et al.'s (2001) QWL measure has already been validated in two studies: in the U.S., using a sample of marketing practitioners (Lee, Singhapakdi, & Sirgy, 2007), and across cultures in a recent study of human resource managers in Thailand by Koonmee, Singhapakdi, Virakul, and Lee (2010).

3.4. Test of measurement invariance

To ensure meaning equivalence between the two national samples, the survey questionnaire was translated and back-translated, as summarized above. The pre-test determined that the cultural connotations were clear in both versions of the questionnaire. The researchers also conducted a series of measurement invariance tests (Mullen, 1995). The first tested configural invariance to see whether the samples have the same pattern of factor loadings and the second tested metric invariance to examine whether the two samples have equal loadings (Steenkamp & Baumgartner, 1998).

The results of the configural invariance test for explicit ethics institutionalization measure provide a good fit to the data ($\chi^2_{(3)} = 7.696$, p = 0.052; CFI = 0.993, GFI = 0.977, RMSEA = 0.085). All factor loadings were significant ($p<0.01$), ranging from 0.745 to 0.958 (see Table 2a). The loading invariance model also provides a good fit to the data. Also, there was no significant difference between the configural invariance model and the metric invariance model, indicating that explicit ethics institutionalization measures are invariant between the two samples (Table 2a). The results of the configural invariance test for implicit ethics institutionalization provide a good fit to the data ($\chi^2_{(3)} = 15.752$, $p = 0.001$; CFI = 0.974, GFI = 0.971, RMSEA = 0.149). All factor loadings were significant ($p<0.01$), ranging from 0.695 to 0.882 (see Table 2b). The loading invariance model also provides a good fit to the data, indicating that the implicit ethics institutionalization measures are invariant between the two samples; therefore, the researchers combined them for further measurement analyses (Table 2b).

3.5. Construct validity

The authors examined construct validity by first running a second-order confirmatory factor analysis (CFA) for QWL. In the model, lower-order need satisfaction is conceptualized as a higher-order construct composed of health and safety need satisfaction (QWL1 and QWL2) and economic and family need satisfaction (QWL4, QWL5, QWL6). Higher-order need satisfaction is also conceptualized as a higher-order construct composed of social need satisfaction (QWL7), esteem need satisfaction (QWL9), actualization need satisfaction (QWL11 and QWL12), knowledge need satisfaction (QWL13 and QWL14), and esthetic need satisfaction (QWL15 and QWL16). The CFA model for QWL fits the data well, as shown at the bottom of Table 3a.

Next was the across-construct CFA and the results also indicate a good fit (Table 3b), with acceptable levels of reliability for explicit ethics institutionalization ($\alpha = 0.898$; $\rho = 0.900$), implicit ethics institutionalization ($\alpha = 0.836$; $\rho = 0.842$), lower-order QWL ($\alpha = 0.644$; $\rho = 0.703$), and higher-order QWL ($\alpha = 0.832$; $\rho = 0.840$). Average variance extracted is greater than the square of correlations among the constructs, and the Chi-square difference suggests that the non-constrained model is significantly better than the constrained model ($p<0.05$). These results provide evidence for convergent and discriminant validity of the measures.

Table 2a
Measurement invariance test for explicit ethics institutionalization.

Model	χ^2	df	*p*-value	CFI	GFI	RMSEA
Configural invariance	7.696	3	0.052	0.993	0.977	0.085
Factor loading invariance	8.860	6	0.182	0.996	0.972	0.044

Notes:
CFI = confirmatory fit index; GFI = goodness of fit index; RMSEA = root mean square error of approximation.

Table 2b
Measurement invariance test for implicit ethics institutionalization.

Model	χ^2	df	*p*-value	CFI	GFI	RMSEA
Configural invariance	15.752	3	0.001	0.974	0.971	0.149
Factor loading invariance	36.159	6	0.000	0.938	0.926	0.164

Notes:
CFI = confirmatory fit index; GFI = goodness of fit index; RMSEA = root mean square error of approximation.

3.6. Test of common method bias

As all the data are perceptual and collected from the same source, there is a possibility of common method bias, which we examined following Cote and Buckley (1987). The results indicate that the method and trait model ($\chi^2_{(6)} = 15.724$, $p = 0.015$; CFI = 0.993, GFI = 0.990, RMSEA = 0.064) has a significantly better fit than the method-only model ($\chi^2_{(20)} = 675.730$, $p = 0.000$; CFI = 0.557, GFI = 0.640, RMSEA = 0.331) with $\Delta\chi^2_{(14)} = 660.01$, ($p<0.001$). In addition, the percentage of variance explained by the trait factor is significantly greater than that explained by the method factor ($p<0.05$). These provide evidence that common method bias is not a threat in this study.

4. Results

To test the difference on ethics institutionalization and QWL between the U.S. and Thai samples, the authors used ANCOVA tests with firm size and industry type as covariates. As shown in Table 4, none of the covariates was significant, except for firm size on explicit institutionalization.

H_1 posits that Thai organizations will have a lower degree of explicit ethics institutionalization than U.S. organizations. The results of an F-test indicate no significant difference between Thai organizations and U.S. organizations regarding degree of explicit ethics institutionalization ($p = 0.057$). The result fails to support hypothesis H_1.

H_2 states that Thai organizations will have a lower degree of implicit ethics institutionalization than U.S. organizations. The results indicate that Thai organizations do indeed have a significantly lower degree of implicit ethics institutionalization (mean = 3.8) than U.S. organizations (mean = 4.2, $p<0.05$), which supports H_2.

H_3 deals with differences in QWL between the two countries. Specifically, H_{3a} predicts that Thai marketing managers will report less lower-order QWL than American managers. The results indicate no significant difference in lower-order QWL between Thai and American marketing managers (Thai = 3.9, U.S. = 3.8, $p>0.05$). These results fail to support H_{3a}.

H_{3b} posits that Thai managers will report greater higher-order QWL than U.S. managers. The results support H_{3b} (Thai = 3.9, U.S. = 3.7, $p<0.05$). Overall, Thai managers report a higher degree of QWL than American managers do (Thai = 3.9, U.S. = 3.8, $p<0.05$).

H_4 deals with the relationship between institutionalization of ethics and QWL. The researchers pooled the two samples to replicate the overall model in Singhapakdi et al. (2010). Table 5 lists the results. H_{4a} states that explicit ethics institutionalization will positively influence implicit ethics institutionalization. In turn, implicit ethics institutionalization should positively influence both lower-order (H_{4b}) and higher-order (H_{4c}) QWL. The results support all three hypotheses ($p<.05$).

Table 3a
Second order confirmatory factor analysis for QWL.

	Std. factor loadings (Lambda) (t-value)					Std. factor loadings (Gamma) (t-value)
Second order constructs	Health and safety needs	Economic and Family needs				Lower order QWL
Health and safety needs						0.705 (7.916)
Economic and family needs						0.996 (12.227)
First order scale items						
QWL1	0.640					
QWL2	0.640 (7.063)					
QWL4		0.751				
QWL5		0.665(11.729)				
QWL6		0.795(13.455)				
Second order constructs	Social needs	Esteem needs	Actualization needs	Knowledge needs	Aesthetics needs	Higher order QWL
Social needs						0.464 (9.105)
Esteem needs						0.707 (15.202)
Actualization needs						0.943 (20.388)
Knowledge needs						0.856 (15.313)
Aesthetics Needs						0.773 (12.740)
First order scale items						
QWL7	1.000					
QWL9		1.000				
QWL11			0.923			
QWL12			0.825 (20.921)			
QWL13				0.834		
QWL14				0.926 (20.074)		
QWL15					0.799	
QWL16					0.886 (15.531)	

χ^2 (p-value) = 235.767 (.00), df = 57.
CFI = 0.931, GFI = 0.909, NFI = 0.912, RMSEA = 0.093, SRMR = 0.055.

H_5 relates to the comparison of the strength of relationship in the conceptual model between Thai and American marketers (summarized in Table 6, and Figs. 2 and 3). Specifically, H_{5a} predicts that the effect of explicit ethics institutionalization on implicit ethics institutionalization will likely be greater for Thai marketing managers than for American managers. The results indicate that the positive effect of explicit ethics institutionalization on implicit ethics institutionalization is greater for Thai marketers than for Americans ($\Delta\ \chi^2 = 4.057$, $p<0.05$), which supports H_{5a}.

Table 3b
Across-construct confirmatory factor analysis.

Variables	Items	Coefficient	t-value	Alpha	Average variance extracted	Composite reliability
EXPLICIT	EXP3	0.837	19.455	0.898	0.867	0.900
	EXP4	0.933	22.872			
	EXP5	0.826	19.088			
IMPLICIT	IMP1	0.852	19.041	0.836	0.801	0.842
	IMP2	0.836	18.543			
	IMP8	0.708	14.926			
Lower order QWL	Health and safety needs	0.577	10.872	0.644	0.743	0.703
	Economic and family needs	0.878	16.136			
Higher order QWL	Social needs	0.522	10.344	0.832	0.738	0.840
	Esteem needs	0.790	17.573			
	Actualization needs	0.859	19.862			
	Knowledge needs	0.758	16.580			
	Aesthetics needs	0.625	12.844			

χ^2 (p-value) = 152.898 (.00), df = 58.
CFI = 0.963, GFI = 0.940, NFI = 0.942, RMSEA = 0.067, SRMR = 0.043.

H_{5b} posits that the effect of implicit ethics institutionalization on lower-order QWL will likely be greater for Thai marketing managers than for Americans. The results indicate that this relationship is stronger among Thai marketers than Americans ($\Delta\ \chi^2 = 4.493$, $p<0.05$), therefore supporting H_{5b}. H_{5c} posits that the effect of implicit ethics institutionalization on higher-order QWL will be greater for Thais than for American marketing managers. The results

Table 4
Group difference test results.

Explicit ethics institutionalization F(1, 320) = 3.6, $p>0.05$	Mean (SD) 1 = low 5 = high	Mean difference (p-value)
U.S. (N = 185)	3.0 (0.1)	−0.3 (p = 0.057)
Thai (N = 147)	3.2 (0.1)	
Implicit ethics institutionalization F(1, 364) = 10.6, $p<0.05$	Mean (SD)	Mean difference (p-value)
U.S. (N = 211)	4.2 (0.1)	0.3 (p = 0.001)
Thai (N = 147)	3.8 (0.1)	
Overall QWL F(1, 328) = 4.8, $p<0.05$	Mean (SD)	Mean difference (p-value)
U.S. (N = 196)	3.8 (0.0)	−0.2 (p = 0.030)
Thai (N = 144)	3.9 (0.1)	
Lower-Order QWL F(1, 346) = 1.4, $p>0.05$	Mean (SD)	Mean difference (p-value)
U.S. (N = 212)	3.8 (0.0)	−0.1 (p = 0.241)
Thai (N = 146)	3.9 (0.1)	
Higher-Order QWL F(1, 341) = 5.4, $p<0.05$	Mean (SD)	Mean difference (p-value)
U.S. (N = 209)	3.7 (0.0)	−0.2 (p = 0.020)
Thai (N = 144)	3.9 (0.1)	

Table 5
Structural relationships (pooled sample).

Relationship	Standardized estimate (t-value)
EXP → IMP	0.342** (5.917)
EXP → Low QWL	0.001 (0.026)
IMP → Low QWL	0.550** (9.833)
IMP → High QWL	0.545** (10.463)

Fit indices: χ^2 (*p*-value) = 134.317 (.00), *df* = 18.
CFI = 0.921, GFI = 0.922, NFI = 0.911, RMSEA = 0.128, SRMR = 0.064.
* Significant at the 0.05 level.
** Significant at the 0.1 level.

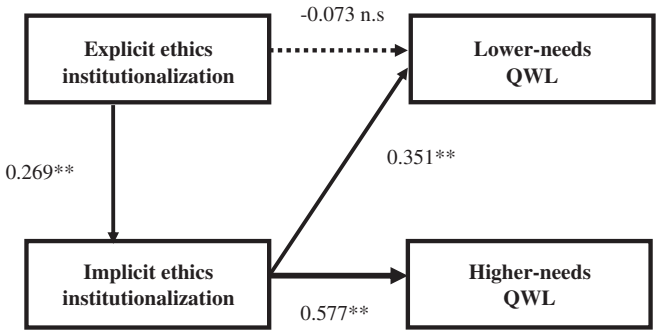

Fig. 2. Testing the model Using the U.S. sample.

indicate that, contrary to the prediction, this effect is greater for American marketers than for Thais. H_{5c} is not supported.

5. Discussion

The idea of ethics institutionalization has provoked increased interest in recent years, as has the emphasis on improving work climate in business organizations. The surge has been based on increasing business problems involving ethics (or, at least, increased public awareness of them) and the resulting public concern, even outrage. Scholtens and Dam (2007) found the U.S. scoring the highest of 24 countries on four of five variables related to ethics and ethics codes (e.g., existence of codes of ethics, communication and implementation of codes of ethics), but limited research is available on this topic in developing and non-Western countries (Scholtens & Dam's, 2007 sample of 24 countries includes a number of non-Western countries, but all are OECD members). In this study, based on surveys of marketing managers in Thailand and the U.S., the authors compare respondents' perceptions of explicit and implicit ethics institutionalization in their companies, and their perceptions of their overall QWL, including how well their lower- and higher-order needs are met by their employer organizations.

The results reveal that Thai business organizations tend to have a lower degree of implicit ethics institutionalization than U.S. business organizations, but no significant difference between their levels of explicit institutionalization. These results imply that firms in Thailand should focus on enhancing implicit ethics institutionalization to raise perceptions of the ethics of their organizations—an important long-term variable in business success. This effort may involve significant change, such as making leadership and decision-making more transparent. Upper management might also be required to discuss ethical issues more actively than they have in the past.

The study shows that the positive effect of explicit ethics institutionalization on implicit ethics institutionalization is stronger for Thailand than the U.S. Therefore, actions that help increase explicit ethics institutionalization in Thailand should be pursued. For example, the Thai government may be well advised to establish legislation that motivates Thai companies to strengthen explicit ethics institutionalization. Such an effort to reduce business corruption would also be reassuring to global business, signaling a commitment to raise transparency for investors and fight the corruption perceived by businesspeople in Thailand. As Michael Porter writes, "[e]conomic culture is no longer a matter of choice" (Harrison & Huntington, 2000, p. 27). In addition, Thai businesspeople might welcome such an initiative.

The results also indicate that while the two groups of managers are not different in terms of lower-order QWL, Thai marketing managers report stronger higher-order QWL and overall QWL than their U.S. counterparts. The result may be because Thai marketing managers are more collectivist than their U.S. counterparts. Also, because of the lower level of economic development, Thai marketing managers' expectations may be lower than those of the U.S., contributing to higher levels of satisfaction with QWL. This is consistent with the gender/job-satisfaction paradox (e.g., Clark, 1997; Sousa-Poza & Sousa-Poza, 2003), that highlights the notion that women experience greater satisfaction at work because they have lower expectations than men.

These findings suggest that firms in the U.S. should place greater priority on providing managers with workplace programs that serve to increase higher-order QWL (e.g., raise managers' social recognition, self-esteem, sense of belonging, and self-actualization). They may also consider supporting more in-group collectivism. The GLOBE research team (House et al., 2004, p. 471) finds that though the U.S. is quite low in the practice of in-group collectivism, they value it almost exactly as the Thais do (U.S.: 5.77, Thailand: 5.76).

Also notable is the lack of significant difference in lower-order QWL between Thais and Americans, which refutes the pervasive notion that businesses prey on people in less developed countries—threatening basic human rights related to physical security (Donaldson, 1989).

The authors hypothesized that collectivism (characterizing Thailand) would strengthen the effect of implicit ethics institutionalization on both lower-order (H_{4b}) and higher-order QWL (H_{4c}). The findings support H_{4b} but not H_{4c}; therefore, one must be cautious in addressing the managerial implication hinted at in the Introduction section: that it is more important to institutionalize

Table 6
Group difference test results (two-group analysis).

Constrained path	*df*	χ^2	$\Delta\chi^2$	sig	Impact
Free	6	108.286			
EXP → IMP	7	112.343	4.057	p<.05	US<Thai
EXP → Low QWL	7	111.484	3.198	n.s	–
IMP → Low QWL	7	112.779	4.493	p<.05	US<Thai
IMP → High QWL	7	112.695	4.409	p<.05	US>Thai

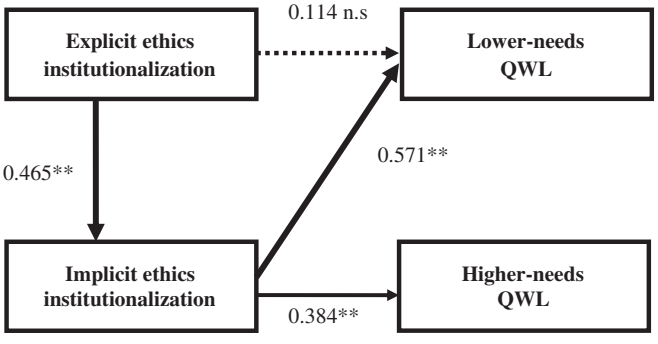

Fig. 3. Testing the model using the Thailand sample.

ethics programs in collectivistic countries like Thailand than in individualistic countries, because such efforts are likely to be more fruitful in enhancing QWL.

Although the study provides partial support for the researchers' expectations, future research should certainly further test whether the effect of implicit ethics institutionalization on QWL is more pronounced in collectivistic cultures such as Thailand than in individualistic cultures such as the U.S. Future research may replicate this study by paying particular attention to the following study limitations. First, the hypothesis development relied quite heavily on two dimensions of Hofstede's cultural typology—Individualism/Collectivism (I/C) and Uncertainty Avoidance (UA). The instrument did not measure the dimensions directly, however, because country (Thailand or U.S.) was essentially a proxy of these two concepts. Therefore, future research should replicate this study but also directly measure I/C and UA, to clarify the partial support on the effect of implicit ethics institutionalization on QWL and further to elucidate the true antecedents of the results.

Second, this study used different data collection methods (mail survey in Thailand and a web-based survey in the U.S.). A regular mail survey is common in Thailand and a web-based survey has become the more common of the two in the U.S.; nevertheless, the differing methods may have confounded the results.

Third, this study is correlational and therefore cannot explain definitively why Thai and American managers differ in terms of their ethics institutionalization, their QWL, and the interrelationships between these two constructs. Differences may result from the fact that Thai managers are collectivistic in their culture orientation, while U.S. managers are individualistic. As also recommended above, future research should examine this mediating effect by introducing measures of collectivism/individualism into the conceptual model and formally testing these mediating effects by both survey and experimental studies.

Fourth, extraneous factors may explain the lack of support for H_1, H_{3a}, and H_{4c} and a weaker support for H_2. Specifically, the results do not support the hypothesis that Thai organizations have a lower degree of explicit ethics institutionalization than U.S. organizations. The data support the hypothesis that Thai organizations have a lower degree of implicit ethics institutionalization than U.S. organizations, but the mean scores are very close. These two findings are intriguing because they may reflect the changing global business ethics environment—in this case, organizations from different parts of the world could become increasingly similar in terms of ethics institutionalization. The results also do not support the hypothesis that lower-order needs of marketing managers in Thai organizations are met less than those of marketing managers in U.S. organizations. One possible reason could be the globalization of business practices, but another possible explanation for the paradox is that Nevis (1983) and Gambrel and Cianci (2003) are right, that the lowest-level need in a collectivist country is belonging, which is being met within Thai organizations. As the authors note earlier, more empirical work is necessary to help quantify this interesting idea. In addition, some of the Thai companies included in the study are international companies with facilities in Thailand, so the degree of ethics institutionalization and resultant quality of work life between the two countries are likely to be very similar. Of course, other factors (e.g., the size of the organizations, profitability of these organizations, their tenure, type of industry) may also be relevant. Future research should measure these factors and introduce them as control variables to partial out their effects on the study relationships.

In conclusion, this study suggests that institutionalization of ethics standards in businesses improves employees' perceptions about the quality of their work lives, in developed and developing countries. Businesses can and should, therefore, work toward institutionalizing these standards, regardless of whether governments mandate that they do so.

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Appendix A. Institutionalization of ethics measurez*

Explicit institutionalization

1. My organization does not conduct ethics audits on a regular basis.[R]
2. Top management evaluates the ethics training programs on a regular basis.
3. My organization does not have a top-level person(s) responsible for ethics compliance programs.[R]
4. Top management is not involved in ethical training programs.[R]
5. My organization does not have training programs that effectively communicate ethical standards and policies.[R]
6. My organization does not have an ethics committee or team that deals with ethical issues in the organization.[R]
7. In order to prevent misconduct within my organization, there are training programs to create an effective ethical culture.

Implicit Institutionalization

1. Top management has established a legacy of integrity for the organization.
2. Top management believes that ethical behavior, not just legal compliance, is paramount to the success of the organization.
3. In my organization there is a sense of responsibility among employees for maintaining an ethical reputation.
4. Top management in my organization accepts responsibility for unethical and illegal decision making on the part of employees.
5. There is open communication between superiors and subordinates to discuss ethical conflicts and dilemmas.
6. Some employees in my organization are allowed to perform certain questionable actions because they are successful in achieving their organizational objectives.[R]
7. In my organization, there are no rewards for good ethical decisions.[R]
8. There is a shared value system and an understanding of what constitutes appropriate behavior in my organization.
9. Top management believes that our organization should help to improve the quality of life and the general welfare of society.

*Source: Singhapakdi and Vitell (2007).
[R]Reverse-scored item.

Appendix B. The Quality of Work Life (need satisfaction) measure.*

Explicit institutionalization

1. Lower-order needs
   - Health and safety needs:
     - I feel physically safe at work.
     - My job provides good health benefits.
     - I do my best to stay healthy and fit.
   - Economic and family needs:
     - I am satisfied with what I'm getting paid for my work.
     - I feel that my job is secure for life.
     - My job does well for my family.
2. Higher-order needs
   - Social needs:
     - I have good friends at work.
     - I have enough time away from work to enjoy other things in life.
   - Esteem needs:
     - I feel appreciated at work.
     - People at work and/or within my profession respect me as a professional and an expert in my field of work.
   - Actualization needs:
     - I feel that my job allows me to realize my full potential.
     - I feel that I am realizing my potential as an expert in my line of work.
   - Knowledge needs:
     - I feel that I'm always learning new things that help do my job better.
     - This job allows me to sharpen my professional skills.
   - Aesthetics needs:
     - There is a lot of creativity involved in my job.
     - My job helps me develop my creativity outside of work.

*Source: Sirgy et al. (2001).

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