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The Impact of Westernization and Confucianism on the Perception of Ethical Business Behaviour

A qualitative study of Taiwanese Business Students

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Sankt Marienkirchen, November 2015

Sven Skvaric
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Abstract

Ethical behaviour in business is an important research topic in the Western World. However, in Asian countries its importance has only slightly increased in the last years, mostly due to various ethical scandals among Asian companies. The majority of the research dealt with cross-cultural differences in ethics between countries. Therefore, the author has decided to study cultural influences, namely Westernization and Confucianism, on the perception of ethical behaviour in business within one singular country, Taiwan. The empirical research of this thesis uses the qualitative method of interviewing eleven Taiwanese students. The main findings show that Confucianism is still the biggest factor in influencing the perception of ethical business behaviour. In contrast, Westernization’s impact on the Taiwanese students is getting stronger due to a high presence of Western ideas at university and in media. However, there are also fundamental intrinsic factors, like ethical scandals or family, in Taiwanese society which influence the students to a big extent. Nowadays, there is already a change towards acting more ethical in business notable. The big carination will come when today’s students enter influential management and governmental positions because they have experienced Western and Eastern ideas of business ethics which will make them more aware of acting ethical in business.

Keywords: business ethics; Taiwan; business students; Confucianism; Westernization; culture
1. Chapter 1: Introduction

In recent years, cross-cultural research with focus on Asia has increased due to the upcoming economic importance of this region (Woods, 2011). As a result of the independent development from the Western world this area has evolved its own social, religious and moral values. However, in the last decades globalization has influenced these beliefs and might even change them in the future (Sadykova et al., 2014). In consequence of the increasing business activities between the East and West, the big cultural differences and influences on Asian societies need to be understood in order to handle intercultural relationships successfully.

As Liu, Meng and Wang (2014) stated, Confucianism which is a social and religious belief system embedded in the society is still one of the most influencing factors in Asia. Hence, it has an impact on social values, individual decision making and is connected to harmony, relationship-orientation and tolerance (Liu, Meng & Wang, 2014). This ancient concept was developed a long time ago and was passed down from generation to generation. Furthermore, a lot of the Confucian countries, like China, Singapore and Taiwan, have benefited from these values, socially and economically (Yeh & Xu, 2010).

In contrast to this ancient value and belief system stands the concept of globalization which connects different cultures and enables the exchange of values and thoughts (Sadykova et al., 2014). According to Sifianou (2013), the Western world has been the most important force in the process of globalizing Asia, so it is reasonable for this thesis to refer to it as Westernization. In addition, it will simplify the complexity which globalization implicates.
1.1. Problem Statement

The most salient differences between doing business in the West and in the East are obvious due to ages of independent development. In the field of ethical business, the two regions differ a lot as well. According to Williams (2011), several authors have tried to develop a general value set with parts from the West and parts from the East. The result were four core values namely honesty, trust, achievement and concern for others (Williams, 2011). However, it is difficult to name general ethical virtues because of the differences between cultures.

In particular, ethical behaviour in Asia has become a very important topic to study because of several social issues that have surged in recent years, such as labour issues (Ip, 2009). The importance of Confucianism in business ethics in Asia has significant influence on the behaviour of individuals (Yeh & Xu, 2010). Therefore, the interplay between Western values and Confucian values within business ethics is an important research topic. Chung, Eichenseher and Taniguchi (2008) stated that the ethical perception even differs between the East Asian countries due to different historical experiences.

Among these countries, the author has chosen Taiwan for this study because of several reasons. Firstly, Taiwan is one of the countries where Confucianism has the biggest influence on society and at the same time Western values have been present for a long period because of the American control and influence in the past (Yeh & Xu, 2010). Therefore, it is the only country which experienced the influence by these two forces over a long time.
Secondly, most of the research about the perception of business ethics is done in Mainland China or Japan because these countries are seen as more important globally (Chung, Eichenseher & Taniguchi, 2008). Some scholars suggested that more research about ethical behaviour should be done in Taiwan (Albaum, 2014; Chung, Eichenseher & Taniguchi, 2008). Therefore, this research aims to collect and interpret data about business ethics perception in Taiwan.

Thirdly, the interest on ethical business behaviour has increased significantly due to various environmental, business and health scandals in the last years among Taiwanese companies. The growing importance of social media in giving the people information is accelerating factor for the growing interest.

1.2. Objectives and Research Question

In general, the importance of ethics in the field of business has increased significantly in the past years (Silanont, 2012). Especially in Asia this topic has gained more prevalence and as a consequence there is need for more studies about the sociocultural effect of Westernization and the importance of Confucianism on ethical behaviour within society. According to Albaum (2014) and Danon-Leva, Cavico and Mujtaba (2010), the majority of research was conducted between countries to evaluate cultural differences of the perception of business ethics. However, there is little research about two influencing concepts on ethical business behaviour within one country.
Most of the research was done between managers from different countries to compare their ethical business values (Danon-Leva, Cavico & Mujtaba, 2010). Therefore, most of the findings are just applicable for the current state of business ethics because little is known about the young generation’s thoughts and values. As they will be the future leaders, more research is necessary in order to notice if there will be a change of such a behaviour. Albaum (2014, p.2) noted that “knowledge of the ethical attitudes of students is important in itself as they will affect the behaviour and decisions made by these ‘future business leaders’ upon their employment”.

Additionally, the findings of business students can be taken to develop hypotheses which could be tested among managers (Albaum, 2014). After evaluating these facts, this thesis will conduct research with Taiwanese business students. The above-mentioned facts lead to the following research question which will guide this study:

“Whether and how do Westernization and Confucianism influence the perception of ethical business behaviour among Taiwanese business students?”

1.3. Justification of the Study

In recent years the topic of business ethics has gained more attention in the field of business management. Therefore, there is the need for specific research in different cultural areas. The purpose of this thesis is to analyse the influence of the modern concept of Westernization and the importance of the ancient concept of Confucianism in the perception of ethical business behaviour among Taiwanese business students. In detail, it will explore to what extent these two forces affect the perception of ethical business behaviour.
Further, it will be observed if there is a positive or negative effect on the image of ethical behaviour. This study will give a deeper understanding of the interplay between these two concepts within one society, especially among business students. The country of research will be Taiwan as it combines both concepts of Confucianism and Westernization. This research aims

- to show the current state of business ethics perception among Taiwanese students.
- to compare the influence of Confucianism and Westernization on their perception.
- to look at other possible forces in shaping the ethical perception.
- to give an outlook for possible future studies of business ethics in Taiwan.

1.4. Thesis Outline

This thesis is mainly structured into six parts, introduction, theoretical background, empirical study, findings, discussion and conclusion. Every chapter contributes to the integrity of the thesis.

Chapter 1 presented an introduction to the topic itself. The author showed a statement of the problem and presented the underlying objectives with the research question. At the end a justification of the thesis was given as well.

Chapter 2 includes the review of the existing literature in this field. It will be the theoretical foundation of this thesis. The two concepts of Confucianism and Westernization will be explained to give an overview. The impact of Westernization and the importance of
Confucianism in the development of ethical business behaviour among students in Taiwan will be analysed as well. It will also discuss the relevance of Confucian values in modern business ethics. Hofstede and Schwartz will be used for the cultural research. The Chinese principles of guanxi, renqing and mianzi will also be briefly introduced. The concluding part of this chapter will be business ethics and a comparison between West and East. Further, it will deal with studies about ethical values of business students in Taiwan in order to get a common meaning of ethical beliefs in this country.

Chapter 3 will provide a discussion of the methodology used in this study. The reason for choosing a qualitative approach and the involving qualitative rigor will be examined. It will also give the reader a detailed information about the interview sampling and developing the interview guide.

Chapter 4 will show the data of the empirical research. This chapter is mainly for presenting the research findings. Taiwanese business students were asked about their beliefs and knowledge of the Western world and further about their idea of Westernization. Therefore, the author will present an impression of the interviewees’ perceptions towards business ethics.

Chapter 5 will use the findings and compare them with the existing literature in order to create a proper discussion. Firstly, the students’ perception towards business ethics will be put in the existing academic knowledge. Secondly, their ideas of Confucianism and Westernization will be discussed to see the similarities and differences to literature. Lastly, other influences will be mentioned to be able to see the whole process.
Chapter 6 will conclude this study by giving a summary of the thesis. Further, practical implications and possible areas for future research will be presented. The last subchapter will present the most serious limitations of this study to show where this research could not contribute more to the existing literature.
2. Chapter 2: Theoretical Background

2.1. Westernization

In the last decades, globalization has been one of the strongest forces in connecting the world (Sifianou, 2013). Wang and Walker (2011) noted that it has become easier to cross national borders as they have become more penetrable, especially in Asia. As a consequence, a strong Western influence on the economy, politics and society in this region is clearly notable (Wang & Walker, 2007). Most of the literature uses the terms Globalization and Westernization equally in order to describe the same concept which leads to a momentous misunderstanding. Although both have various underlying theories in common, it is important to separate them as Globalization could also have a non-Western orientation (Scholte, 2008).

Therefore, this thesis will firstly illustrate the term Westernization to give a clear and understandable view. The research process of finding articles and journals in the area of Westernization has showed that there is little literature available which specifies and clarifies this concept precisely. However, the author will use the existing literature to create a general definition of Westernization and will further apply it to Taiwan.

2.1.1. Definition

According to Redfern and Crawford (2010), the concept of Westernization describes an individual’s contact with different Western lifestyle habits and the assimilation of them. Moreover, the author specifies them as travelling abroad, having Western friends and wearing Western fashion. In addition to these practices, the overall English standard is another important
indicator for the level of being westernized as it reflects the willingness of learning the language and the interest in English-speaking cultures in general, like the United States of America or United Kingdom (Redfern & Crawford, 2010).

Redfern and Crawford (2010) found that there is a connection between adopting Western practices and further substitute some of the traditional ideas with Western ideas. Pan et al. (1994) also conducted a study in this area where they observed the change of traditional Confucian Values to Western values through Western television. Another study by Rin, Chu and Liu (1966) showed that a modern lifestyle and exposure to modern ideas is linked to Western rather than traditional values.

A research by Bond and King (1985) illustrated that the majority of students in a university in Hong Kong felt being westernized to a certain extent. They associated Westernization with clothes, television and the level of English. However, in their opinion there was no dispute between Westernization and Chinese culture.

2.1.2. Westernization in Taiwan

Tsai and Zhou (2014) stated that in Taiwan Westernization has occurred primarily through the emersion of numerous Western companies and the development of the Internet as an accelerating factor for manifesting Western brands. In addition, the World Wide Web also helped to get an understanding about the main factors which generate Western culture (Tsai & Zhou, 2014). The complex concept of Westernization assumes that the Taiwanese society has continuously adapted Western standards and has simultaneously developed its own values (Tsai & Zhou, 2014).
McRobbie (2009) claimed that humans start to contemplate and deconstruct their ideas when they face other cultural traditions and values and consequently ‘grow’ throughout this mind changing process. This is one explanation for the Westernization phenomenon among the young generation in Taiwan. After the young people get in touch with Western ideas and values, they start to think about their lives and analyse their future plans (Zhu, 2006). Once they have developed an idea of Western culture Taiwanese people were capable of identifying themselves with certain aspects of the West. Further, they were even able to feel familiar with both cultures, depending on specific facets which represent a changing mindset (Kind Zheng, 2006).

Another possible explanation for the increasing Westernization of the Taiwanese culture is the rising acceptance and famousness of Western companies within society (Kind Zheng, 2006). The young generation has grown up with the existence of these famous Western brands and has started to familiarize them. Therefore, the values which are transmitted by advertisements of Western firms were getting embedded in the mindset of the youth (Tsai & Zhou, 2014).

The imagination of a changing Taiwanese culture is still a confusing thought for the older generation in Taiwan (Tsai & Zhou, 2014). However, the young people developed a positive perception towards Western brands and their influence on society. They have continuously adopted Western values and ideas. According to Tsai and Zhou (2014), this phenomenon is resulting in a more Westernized ideology. Further, the youth believes that a change from traditional to modern ideas is necessary within Taiwan.
2.2. Confucianism

According to Cheng (2011), the concept of Confucianism, which was established by Confucius, an influential and famous philosopher, is the most substantial ethical and philosophical system in Asia. It has a long historical tradition in Asia, especially in China and Taiwan (Liu, Meng & Wang, 2014). Confucianism has shaped these societies over centuries and has built the foundation of their cultural mindset and values (Chu, 2008).

In particular, the practice of Confucianism is crucial for developing a strong cultural conception within society (Ip, 2009). However, Confucianism is better preserved in Taiwan than in China because of various historical experiences, like the Chinese Cultural Revolution which tried to diminish Confucian values (Ip, 2009; Liu, Meng & Wang, 2014).

2.2.1. Definition

Liu, Meng and Wang (2014, p.108) defined Confucianism as “advocating conservative behavior in society” which basically means people are more risk averse, reluctant and less competitive in everyday life. Other authors specified this concept in a similar way:

“Chinese societies are rooted in Confucianism, which is essentially obedient, noncompetitive, harmonious, and tolerant.” (Yeh & Xu, 2010, p.111).

According to Irwin (2012, p. 5), Confucianism supports “a strict system of norms and propriety”. It also teaches in which way an individual has to act within society. Moreover, Lin
and Huang (2014) found that there is a strong connection between Confucianism and Collectivism because both shape the societal structure to a high extent.

In addition, Liu, Meng and Wang (2014) claimed that Confucian values influence social norms, individual behaviour and further possibly promote economic growth. The focus of Confucianism on human capital, patience and future can be seen as the key parts of this economic growth. Hofstede and Bond (1988) noticed that Asian countries often outperform Western countries with high-quality products and high annual growth rates due to these cultural factors. They used well-designed qualitative interviews about beliefs and values in order to find these patterns. Chan (2008) stated that the Confucian value system was one of the main factors for the economic rise of many Asian states in the 1980’s and 1990’s.

2.2.2. Core Confucian Values

Lin, Ho and Lin (2013) defined the core elements of Confucianism and compared them to Western ideas. Furthermore, the Confucian doctrine concentrates on social harmony together with the proper implementation of social roles. Firstly, the Confucian image of a kind and generous personality, named rén¹, could be compared to benevolence or humanity in the West. The principle of treating somebody as you want to be treated, similar to the Western “Golden Rule”, needs to be followed in order to be successful. In order to develop such a personality, loyalty (zhōng²) and reciprocity (shù³) are crucial factors to obtain. Secondly, righteousness can be seen similar to the Confucian belief of rightness and goodness, in Chinese yì⁴. Similarly,

¹ Chinese Character: 仁
² Chinese Character: 忠
³ Chinese Character: 恕
⁴ Chinese Character: 義
Winckler (2014, p.112) specified the Confucian Core Values as “humanness, righteousness, respect for rituals, wisdom, sincerity, and filial piety”. Further, Woods and Lamond (2011) named the same six virtues as core values in their studies about the role of Confucianism in management.

Nevertheless, the integrant difference between Confucianism and the Western ideas is the fact that in Confucian societies these core principles are only acknowledged in society when they conform to the common collective perception whereas in the West these values are developed intrinsic (Lin, Ho & Lin, 2013). Chung, Eichenseher and Taniguchi (2008) declared that in contrast to the West, Confucian societies focus on hierarchical relationships like father/son, husband/wife or employee/boss. Furthermore, the relationships have a fundamental role in business as well because everybody has to accept and follow them.

Hofstede and Bond (1988) divided Confucianism into four key principles: unequal relationships, family, virtuous behaviour and education. These unequal relationships are based on reciprocity and obligations which means the younger person owes the elder person respect and obedience and the older person owes the younger person protection and consideration. According to Hofstede and Bond (1988), family is the archetype of all organizations in Asia because being a member with social relations is a crucial factor in Confucian cultures.

2.2.3. Confucianism in Taiwan in the 21st century

Liu, Meng and Wan (2014) stated that in Taiwanese schools Confucian texts are still covered. The students are often tested about Confucian texts if they want to enter university. Therefore, a lot of Taiwanese students are actively influenced by Confucianism because of studying the
underlying ideas of it (Liu, Meng & Wang, 2014). Chan (2008) also noticed that Confucianism is still very present in today’s East Asian societies.

In the past, China’s and Taiwan’s need for ethical business behaviour has increased steadily due to several scandals like labour law or bribery issues. However, Confucianism can be a successful factor in enhancing human affairs (Winckler, 2014). Thus, the understanding of the Confucian values’ role in business is necessary for clarifying the unique features of the Taiwanese business culture compared to Western business culture (Lin, Ho & Lin, 2013).

Further, these values can be used to establish a righteous company (Winckler, 2014). Lei and Heikki (2009) claimed that Chinese culture should be the foundation for good business ethics in Confucian countries like Taiwan. Yeh and Xu (2010) noted that Confucian work ethics in combination with a high morality favoured Taiwan and its growth.

### 2.3. Concepts of Guanxi and Mianzi

Irwin (2012) stated that the concepts of guanxi⁵, renqing⁶ and mianzi⁷ are deeply embedded in Chinese and Taiwanese society and have a strong influence on business life as well. These concepts are closely connected to ethical behaviour (Chung, Eichenseher & Taniguchi, 2008). Therefore, the author will give an overview of these three complex concepts and further in the thesis the relevance in business ethics will be examined to be able to understand the importance of them.

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⁵ Chinese Character: 关系
⁶ Chinese Character: 人情
⁷ Chinese Character: 面子
2.3.1. Definition of Guanxi

The social interactions of the Taiwanese differ greatly in comparison to those of the Western World. Interpersonal relationships, which are called guanxi, are very important to form friendships but even more for establishing business contacts (Hwang et al., 2009). Gu, Hung and Tse (2008) wrote that firms which want to be successful in China or Taiwan have to build up strong networks through the use of guanxi. However, it is difficult for Non-Taiwanese to understand these guanxi networks completely. Furthermore, Gu, Hung and Tse (2008) clarified that there are also dark sides of which managers have to be aware.

The word guanxi consists of two words, guan and xi. Guan means to close up and xi means to tie up (Chan, 2006). The idea of guanxi explains how interpersonal relationships are built in China and Taiwan, from friendship to business relations. Guanxi is a future investment in a relationship. Chan (2006) defined three types of relations, namely jiaren\(^8\), shouren\(^9\) and shengren\(^10\). There is a difference in the social interaction between individuals if they are members of a group or not. Jiaren means the relationship with family members, shouren is the relationship with everybody outside the family, like friends or neighbours, and shengren is the word for all relationships with strangers.

Guanxi is personal and can be assigned to a third person. The exchange of favours, called renqing, in connection with guanxi is an important term in the interaction with each other.

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8 Chinese Character: 家人
9 Chinese Character: 熟人
10 Chinese Character: 生人
Chan (2006) stated that it also keeps the social order and harmony due to its social regulating nature. However, guanxi relationships can easily be terminated if they are no longer beneficial.

2.3.2. Definition of Renqing

The act of giving favour, in Chinese called renqing, is a crucial part in doing business in the Chinese culture, especially in China and Taiwan (Chan, 2006). This reciprocal factor is also strongly connected to the important concept of guanxi. Hwang (1987) explained renqing as a gift between people as a social exchange process. Furthermore, interpersonal guideline involved during renqing has to be taken seriously because otherwise there can be a loss of face or the complete damage of former relationships. According to Wang (2007), renqing consists of two fundamental terms, namely reciprocity and empathy. Reciprocity means that a received favour has to be given back which is regulated by social norms. Empathy is explained as an emotional support for people who are in need and understanding another´s point of view.

In the Chinese and Taiwanese business world is a long-term business relationship connected to a lot of trust between the partners (Wang, Noel & Barnes, 2008). Wang (2007) found that another important factor in building trust are affective connections which are strengthened by renqing. However, renqing is also used in maintaining and resurrecting trust. It is a mediator between trust and long-term relationships in business.

2.3.3. Definition of Mianzi

Irwin (2012) described mianzi as a concept of ‘face’. She connected it to self-respect on the one hand and protecting the self-respect of others on the other hand. Langenberg (2013) explained
this concept as one’s public image and position within society. Ting-Toomey (1994) also characterized mianzi as the self-expression and the public image of oneself. Ang and Leong (2000) defined face as the recognition a person gets from society through achievements. They investigated that it is very important to save face because if someone loses his/her face the whole family is disgraced. Hwang et al. (2009) mentioned shame as a major part of the whole “face saving” concept.

Therefore, the protection of face is an important issue in Asian societies, especially China and Taiwan. Buckley, Clegg and Tan (2006) stated that the necessity of mianzi is intrinsic due to the hierarchical and collectivistic society. Luo (1997) invoked another crucial aspect in these collectivistic societies, the necessity to follow rules. If one does not follow these rules, one will lose his/her face and credibility, which is unacceptable. Taiwanese people prefer avoiding conflicts and using mediators for resolving the conflict. In this case, the risk of losing face will be minimized (Ang & Leong, 2000).

2.4. Cultural Aspect

2.4.1. Cultural Theory

In 1871 Edward B. Taylor gave one of the first definitions of culture by saying that “culture is that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society” (Peacock, 2001, p. 3). Shalom Schwartz defined culture as sharing values (Gutterman, 2010). However, a popular definition of culture is established by Hofstede, Hofstede and Minkov (2010). They stated that culture is
the “collective programming of the mind which distinguishes the members of one category of people from another” (p. 6). Therefore, people learn and acquire their cultural specific way of thinking, values and morals throughout the whole life. Further, Hofstede, Jonker and Verwaart (2012, p. 80) compared culture to an “unwritten rule of society”.

In the history of cultural research, many scholars came up with different attempts to differentiate cultures and find unique aspects of each. The most popular representatives of cross-cultural research are Hofstede, Trompenaars, Hall and Schwartz. All of them tried to explain cultures by developing different dimensions which are the result of observing values and morals within a culture. However, this thesis will use the most popular cultural dimensions model by Hofstede and the dimensions model by Schwartz.

The five dimensions model by Hofstede (1980) is widely used to explain national cultures and give a basic understanding of such. Therefore, it will give a general overview of Taiwan’s culture which fits for the purpose of this thesis. Furthermore, the author has chosen the cultural model by Schwartz (1992). The main reason for this choice is that this model focuses on the role of values in a culture and deals with the underlying morals (Gutterman, 2010). He also stated that these values can be defined as a society’s cultural ideals because they are prevalent among their members. Furthermore, individual and group beliefs and morals are shaped by these cultural core elements.

Noorderhaven and Koen (2005, p. 69) described the model by Schwartz as “the most substantive challenge to Hofstede’s model”. It provides a “higher face validity of the items used to operationalize the dimensions” (p. 72). As the aim of this thesis is to compare two value concepts and their influence on ethical behaviour the combination of Hofstede and Schwartz
will give a fundamental understanding of the main cultural aspects in shaping values of Taiwan’s society.

2.4.2. Hofstede’s model

Hofstede’s 5-D Model will give an overview of Taiwan’s national culture. Geert Hofstede conducted a study about how values are influenced by culture between 1967 and 1973. At this time, he came up with 4 dimensions, namely Power Distance, Individualism/Collectivism, Masculinity/Femininity and Uncertainty Avoidance. In 1991, he added a fifth dimension, Long-Term Orientation which was strongly influenced by Confucianism (Hofstede, 2001). In 2010, Indulgence/Restraint was added as the sixth dimension (Hofstede, Hofstede & Minkov, 2010). However, the sixth dimension is not relevant for this study and will not be further discussed. Furthermore, the initial study (Hofstede, 1980) was conducted in a business context with IBM which fits perfectly the scope of this thesis. Taiwan’s dimensions can be seen in Figure 1.

![Figure 1: Taiwan National Dimension Scores (The Hofstede Center, 2015)](image-url)
2.4.2.1. Power Distance

Hofstede (1980) measured Power Distance as the willingness of the less powerful members of an organization within a country to accept an unequal distribution of power. This dimension grapples with the behaviour of cultures and societies towards inequalities of individuals.

According to Hofstede’s (2015) survey, Taiwan scores relatively high with 58 out of 100. This means it is a rather hierarchical society where people accept the given order and where every member of the society has a place. However, the hierarchical and centralized direction in organizations has to deal with the adherent inequalities among its members. In business life, subordinates are demanded to do what they are told to do and the ideal leader is a benevolent autocrat, which fits with the ideas of Confucianism (Hofstede, 2001).

2.4.2.2. Individualism vs Collectivism

This dimension deals with comparing people’s feeling to belong to a group with an individual “I” feeling. Societies with a low score are more collectivistic compared to individualistic societies with a high score (Hofstede, 1980). People in collectivistic societies are members of groups and feel loyal to these groups. On the other side in individualistic societies people only care about themselves and their direct family.

Taiwan just scores 17 which makes it a collectivistic society, like most Asian countries (Hofstede, 2015). It is strongly relationship orientated with a long-term obligation to a group within the society. Members within a group are loyal and also take care of another member within this group. The most important factors in collectivistic societies are loyalty and trust.
Other important factors within the Taiwanese society are shame and the concept of face. Therefore, it is unacceptable to break social rules because this would lead a kick out of the group and losing one’s face. In business life collectivism implies a family-like relationship between employers and employees and management is done by groups (Hofstede, 2001).

2.4.2.3. Masculinity vs Femininity

Hofstede (1980) stated that a high score on this dimension is masculinity and a low score is femininity. Masculinity defines a society with high rivalry within and the main values are achievement and success. On the other hand, the main drivers in a feminine society are helping others and improving the life quality in general. The two contradicting ideas are being the best in a masculine society and enjoying what you do in a feminine society.

Taiwan is seen as a slightly feminine society because of 45 points on the scale (Hofstede, 2015). Therefore, Taiwanese people tend to work in order to live and focus on high quality in the working life. An individual’s status and achievement are not shown in public. Further, disputes are solved by discussion and agreement on a common idea. In business consensus management, equality and involvement are preferred (Hofstede, 2001).

2.4.2.4. Uncertainty Avoidance

Uncertainty Avoidance describes to which extent members of a society feel threatened by the fact that future can never be known. It further deals with different ways cultures have learnt to handle this fear. They have developed beliefs and created institutions to eliminate this anxiety (Hofstede, 1980).
The score of 69 indicates a high favouritism for avoiding uncertainty among Taiwanese people. Societies with a high score in this dimension keep up inflexible codes of belief and are intolerant of abnormal behaviour. Furthermore, people have an intuitive need for rules and time is an important factor. Working hard, being busy and being punctual are the standard but innovation tend to be impaired (Hofstede, 2001).

2.4.2.5. Long Term Orientation

This dimension deals with a society’s approach towards its own past and looking forward into the future simultaneously. A low score means that the society is rather inflexible and unwilling for changes. On the other hand, a high score indicates that the society is able to adapt its traditional values to modern ideas (Hofstede, 2001).

Taiwan scores 93 on this dimension which means the society is pragmatic and long-term orientated. Furthermore, Taiwanese are disposed to adjust their traditions to a modern context. Taiwanese also focus on economical business and have a greater respect for the demands of virtue. In general, most of the South East Asian countries have a high score on this dimension (Hofstede, 2015).

2.4.3. Cultural dimensions model by Schwartz

Schwartz (1992) defined in his model seven major cultural dimensions and divided them into three pairs. Further, these dimensions can be used to address the major factors that distinguish one culture from another. The first pair is embeddedness and autonomy which deals with the degree of individualism and importance of being a member of a group in a society. The second
The first dimension pair is egalitarianism and hierarchy. It shows how much equality members of a society expect from the social order. The last pair is mastery and harmony which addresses the interest of people to change the current society status to empower personal or group interests. These pairs are illustrated in Figure 2.

![Figure 2: Schwartz’s (1992) model of dimensions](image)

2.4.3.1. Embeddedness vs Autonomy

This dimension explains to what extent people are embedded in their society or are autonomous (Guterman, 2010; Noorderhaven & Koen, 2005). According to Noorderhaven and Koen (2005), people who emphasize on social relationships and being a member of society are the fundamental part of an embedded culture. Furthermore, values, respect for tradition, security and keeping the status quo are very important (Guterman, 2010; Noorderhaven & Koen, 2005). Another important aspect of an embedded cultures is that organizations which operate in such cultures work like extended families.
The organization expect the members to identify with the shared values and common goals. However, the members can also rely on the organization to take responsibility in all aspects of their lives (Noorderhaven & Koen, 2005). In contrast to embeddedness, Schwartz (1992) named autonomy and divided it into intellectual and affective autonomy. Intellectual autonomy means that individuals pursue their ideas independently whereas affective autonomy refers to an independent pursuit of positive experiences like pleasure or a varied life (Gutterman, 2010; Noorderhaven & Koen, 2005).

Taiwan can be seen as a highly embedded culture because the need of being a member of a group is a fundamental aspect. Furthermore, tradition is respected by the whole society, especially by the older generation. Most of the Taiwanese organizations are family-owned businesses with a high reciprocal dependence of company and employees.

2.4.3.2. Mastery vs Harmony

The second dimension of Schwartz deals with the issue of how societies manage their members’ thoughts of changing the natural environment and social order (Gutterman, 2010). Mastery-orientated cultures promote active self-assertion in order to proactively master and change the natural and social environment. Success through hard work, risk-loving and being competent are important values for mastery (Gutterman, 2010; Noorderhaven & Koen, 2005).

Organizations operating in such cultures are highly success orientated, fast changing and competitive (Noorderhaven & Koen, 2005). In contrast, people in harmony-orientated cultures try to adapt and fit in rather than change the current state in order keep the world as it is.
Underlying values are peace, protection of the environment and being a unit with nature (Gutterman, 2010; Noorderhaven & Koen, 2005).

Taiwan can be seen as a mostly harmony-orientated culture but concerning the environment there is a mastery influence as well because it is not important for Taiwanese to watch out for it, at least in the past decades (Maznevski et al., 2002).

2.4.3.3. Hierarchy vs Egalitarianism

In this dimension Schwartz (1992) describes the acceptance of unequal distribution of power as the typical indicator for a hierarchical culture. Further, people identify themselves with their roles in society and the attached obligations. It is also seen as naturally to be punished if the well-defined roles are not fulfilled (Gutterman, 2010). Members of egalitarian cultures acknowledge themselves as morally equal. The welfare of every person in this culture and social justice are main attributes of egalitarian cultures. Leaders in such cultures try to motivate others by working towards shared goals or to reach welfare for everybody (Noorderhaven & Koen, 2005).

Taiwan would be an example for a highly hierarchical culture because there are defined roles in society and authorities’ power is seen as a given fact. Furthermore, egalitarianism is rejected by society. Therefore, the hierarchical structure is not questioned which lead to social inequality (Gutterman, 2010).
2.5. Business Ethics

2.5.1. Definition

Langenberg (2013) concluded that ethics applied to business behaviour results in the general topic of business ethics. It is strongly connected to social norms which means if something is seen unethical within society, it is also unethical in business. Danon-Leva, Cavico and Mujtaba (2010) stated that a universal definition of business ethics is hard to develop because of the tremendous differences of an ethical understanding between cultures, countries and individuals. Another issue is the fact that today’s field of business ethics is influenced and generalized mostly by Western scholars (Chan, 2008). The common way in order to test universally applicable ethical values is applying Western business ethics theories to non-Western cultures (Ma, 2010; Lam & Shi, 2008). However, several researchers tried to establish a set of globally accepted business ethics (Ma, 2010).

Kohlberg (1969) developed the theory of moral development in order to explain why a person acts morally acceptable or not. Furthermore, moral standards are needed to create ethical beliefs which are used to judge. If these moral rules are based on already agreed ethical principles actions will be accepted by society. Therefore, ethics can be used to guide people to decide about good or bad behaviour.
2.5.2. Influential Factors

Winckler (2014) stated that ethical decision-making is rooted in the culture and depends on the environment. Further, an individual can act unethically if the environment is forcing to act like this. The fact that ethical behaviour is influenced by culture is extensively accepted (Ma, 2010). Langenberg (2013) also mentioned the important influence of culture on society’s ethical understanding. According to Kim and Kim (2010), culture explains discrepancies in ethical perception. Furthermore, understanding these differences is one of the biggest challenges for multinational companies acting in global markets as business ethics are highly influential factors in being an effective manager (Ma, 2010; Sanchez-Runde, Nardon & Steers, 2013).

According to Albaum (2014), gender and religiosity have a big impact on the perception of ethical behaviour as well. Prior research has shown that females tend to be more ethical than men and religious people have higher ethical values than less religious people (Borowski and Ugras, 1998; Conroy & Emerson, 2004). Ma (2011) mentioned several demographic factors, such as academic setting or grade level as influential factors of ethical behaviour.

2.5.3. Universal Values

In the past, several scholars tried to develop a core set of ethical principles which can be used throughout all cultures. Donaldson (1996) used Western and Non-Western cultural and religious elements to define a general set of human values. Respect for human dignity, respect for basic rights and good citizenship are the main principles. Langenberg (2013) defined universal ethics in a similar way. Furthermore, she stated that the best concept should consist of values which are seen right or wrong globally. However, companies need to translate these
values into relevant business ethics values (Donaldson, 1996). Multinational companies have tried to establish a common set of ethical rules but have not managed to find a solution.

Eisenbeiss (2012) came up with similar core ethical principles, namely human orientation, justice orientation, moderation orientation, responsibility and sustainability. Asgary and Mitschow (2002) adopted these core values to a business context and developed an International Business Code of Ethics which persists of 16 values. The main values include: trust; fairness; do not cheat; honesty; respect for human rights; respect for social and cultural values and traditions. This set compounds human values with business values and legal aspects (Williams, 2011). Meglino, Ravlin and Adkins (1991) defined four essential business values for every individual. They named honesty, fairness, achievement and concern for others as the most important aspects in interpersonal work relationships.

2.5.4. Business ethical relevance of guanxi, renqing and mianzi

Relationship development is a crucial success factor everywhere in the business world. In Taiwanese business actions social relationships are built first and only if they are successful, business deals will follow. Western firms, on the other hand, make transactions first and only afterwards are relationships built (Gu, Hung & Tse, 2008). The focus in Western businesses are firm relations, which means collaboration in distribution and production.

Hwang et al. (2009) also noted that the first step of doing business in Taiwan is building personal relationships. They stated that it is crucial for business people to establish mutual trust among them. Further, guanxi plays an integrative part in employment because of its reciprocal nature. However, the Western and the Confucian concepts share some features, in particular,
they both state that networks are continuous relationships. Therefore, networks can close cultural gaps between people from different countries and make firms more successful (Luo, 1997).

According to Chan (2006), the idea of giving favour and preserving face are predominant, which causes problems for Western businessmen/businesswomen because it is easy to do something inappropriate. Hwang et al. (2009) noticed that people in Confucian societies try to do morally right things because of shame. They are afraid to do something which is not socially accepted because this would mean the loss of one’s face, mianzi. According to Gao, Ting-Toomey and Gudykunst (1996), Chinese and Taiwanese think it is ethically appropriate to keep information, which could embarrass or harm somebody, in order to save the person’s face. Therefore, honesty has a lower significance as most of Chinese and Taiwanese would sacrifice their credibility to save face (Ang & Leong, 2000). Another important factor is the fact that guanxi is a reciprocal relationship with the liability to repay received favours (Hwang et al., 2009).

However, guanxi is a double-edged sword in terms of ethics (Hwang et al., 2009). Besides all the positive aspects, it can lead to corruption, bribery and nepotism when it is misused. Fan (2002) stated that guanxi in business is inherently corrupt as exchanging favours with people in charge is the main aspect. Therefore, it is ethically and morally very much questionable. Furthermore, he claimed that individual may gain benefits from guanxi but the whole society has to take losses.

Hwang et al. (2009) suggest that Taiwanese businesspeople should establish ethical codes and special guidance for the use of guanxi in order to avoid abuse. Further, there is empirical
evidence that the concept of face-saving has an underlying unethical approach. Yao (1987) noted that honesty is not as important as face for most of the employees. McDonald and Kan (1997) observed the behaviour of managers in Hong Kong regarding business ethics. This study showed that they tend to protect dishonest employees and would not do whistle blowing but rather save their faces.

2.5.5. East vs. West

According to Park, Rehg and Lee (2005, p.390), “Confucian ethics is a broad set of ethical roles and expectations regarding daily life.” The significance of these values in the context of business practices has drawn attention to research over the years (Chung, Eichenseher & Taniguchi, 2008). Confucian ethics compared with Western business ethics shows that there are various differences. According to Chan (2008) the Eastern Confucian Ethical approach focuses on hierarchy within the society and organization. Furthermore, guanxi, reciprocity and harmony are also strongly emphasized. Langenberg (2013) mentioned that guanxi fits for the Confucian ethical values but does not correlate with Western ethics where only the maximization of one’s good is seen ethical.

In Confucianism it is mandatory to treat family, friends and the guanxi network better than strangers which gives the in-group better opportunities. Yeh and Xu (2010) found that a positive Confucian ethical dimension adapts to supervisory rules rather than to autocratic instructions. Further, it fosters respect for elder people and it honors personal relationships in contrast to promoting crooked guanxi. Ang and Leong (2000) found that loyalty and reciprocity within the group also lead to little allowance for an outsiders good.
Chan (2008) stated that Confucian ethics has a big influence on business ethics in the Western world and how to behave righteously in business matters. Furthermore, this influence will remain significant in the future due to the growing importance of China’s international trade.

However, Confucian ethics and Western business ethics have some parallels. The most significant one is the ethics against business profit-making approach (Chan, 2008). In both concepts the main goal is developing human virtues, at least to some extent, rather than making profit. Lam (2003) also noticed that Confucian and Western ethics have a lot in common like respect, trust and honour. Furthermore, interpersonal relationships are crucial in both worlds (Wong & Yuen, 2012). On the one hand, in the Western World they are used to strengthened one’s emotional needs and give safety in business and private life. On the other hand, in Asian countries relationships are more than just personal feelings. They allow being a member of in-groups, maintain appropriate social behaviour and even give access to resources.

2.5.6 Ethical dilemmas

Ethical dilemmas are inner debates in one’s mind between contradicting ideas. There are no right or wrong solutions because the answer will be a personal feeling of how right the answer is (Ariely, 2008). Furthermore, Boyle (2006) categorized the contradicting values into four types:

- Truth vs. loyalty
- Self vs. community
- Short-term vs. long-term
• Justice vs. mercy

Therefore, an individual will base his/her actions on the values which are seen more important. Further, various variables such as cultural background, social effects, economic situation and personal factors help in assessing these values.
3. Chapter 3: Empirical Study

In order to find out how the perception of an ethical business behaviour is affected by the two belief concepts of Confucianism and Westernization, the right research method to carry out this study will be discussed in this chapter. There are two underlying approaches for testing an already existing theory, deductive approach, and for developing a new theory, inductive approach. Bryman and Bell (2011) defined inductive theory as the derivation of theory from collected data which is mostly conducted from qualitative methods. On the other hand, deductive theory is described by Bryman and Bell (2011) as testing an existing theory with the use of quantitative methods. Therefore, this study will follow rather the inductive theory than the deductive theory as none of the existing literature deals with the interplay of these two concepts on the perception of ethical business behaviour in one particular country. Moreover, Confucianism is already developed and studied by many authors but nobody studied the connection to Westernization.

3.1. Research strategy

The research strategy has to be chosen properly in order to be able to answer the problem statement. It is a general plan for the collection and analysis of the data (Bryman & Bell, 2011). There are two main approaches for conducting research, qualitative or quantitative approach. They are similar to the inductive and deductive theory because in most cases quantitative research follows the deductive approach of testing an existing theory whereas qualitative research follows the inductive approach to generate a new theory. The terms qualitative and
quantitative have to be explained first in order to be able to find the right approach for this study.

Thomas and Magilvy (2011) compared the two approaches to a fox and to a hedgehog. The quantitative approach focuses on gathering quickly a lot of information like a fox who knows a lot of different things. The outcome can be used to create general ideas. On the hand, the qualitative approach is like a hedgehog and tries to get in-depth knowledge about a single phenomenon with using a smaller number of participants. In comparison to the quantitative approach, the qualitative approach focuses rather on words than on numbers (Bryman & Bell, 2011). This thesis wants to get in-depth knowledge about the beliefs and ideas of the participants which can be best done by using a qualitative approach. It will help to get a better understanding of the problem.

In qualitative research, interviews are a widely used tool to get information. According to Bryman and Bell (2011), there are twelve types of interviews. However, the two major types are unstructured and semi-structured interviews. In unstructured interviews, there is a high flow of information as the interviewee can talk absolutely freely about ideas and beliefs. It is possible that there is just one starting question. Unstructured interviews are normally used to achieve a narrative type of interview (Bryman & Bell, 2011; Gilham, 2005). However, these types of interviews can be very time-consuming and often it is hard to keep the interview going (Gilham, 2005). In contrast, semi-structured interviews use an interview guide to lead the interview if necessary (Bryman & Bell, 2011). Further, the interviewer has some questions to be able to keep the focus to the main topic. Gilham (2005) stated that the interviewer should ask the same number of questions in a similar way throughout all the interviews.
For this study, a semi-structured interview will be the best technique to get useful information for solving the research problem. As the topic is very wide interviewees can easily give answers which are out of the topic. The author will prepare specific questions to guide the focus of the interview. Therefore, the interviewees are able to talk freely about their thoughts and beliefs but can be also led back to the topic if necessary. It gives a balance between freedom and guideline which fits best for answering the problem of this thesis. The interview questions are sometimes asked in a different order as the interviewees can answer in another way and mentioned certain facts at a particular point of the interview (Bryman & Bell, 2011). However, the author makes sure the focus of the interview on the main research areas is always given.

3.2. Research sampling

The choice of the research sampling is very important when conducting qualitative research since there is a limited number of participants (Bryman & Bell, 2011). Therefore, a proper sample was necessary in order to answer the research question properly.

The interview partners were Taiwanese business students from different universities in Taiwan who had not done an exchange program to the Western World. Therefore, it was necessary to conduct the interviews in Taiwan. The author used social media and personal contacts to reach potential participants. As this research dealt with a current issue in Taiwan, a big interest in participating was notable. The underlying criteria were:
The author chose to interview students as they will be the future managers (Lang et al., 2013). Therefore, the students’ beliefs will most likely influence the definition of business ethics and further actual business practices in future (Ma, 2011). Taiwanese companies will recruit their future middle management from today’s business students. The focus on this subset seemed justified as most of today’s managers also have an academic business background (Lang et al., 2013). Furthermore, the future middle managers will most likely work together with the current middle managers as they will become the future top managers. It was important to study the perceptions of the future generation because it gives an understanding of the future work collaboration (Lang et al., 2013).

Even though there was no gender criterion, the author still kept in mind to balance it by getting an equal number of males and females. Therefore, the participants consisted of 5 males and 6 females in the age of 20 to 27. These participants took part in semi-structured interviews in Taipei during July and August 2015. The interviewees’ data is presented in Figure 3.

<table>
<thead>
<tr>
<th>Participant 1</th>
<th>Participant 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name: Cody</td>
<td>Name: Hsiao</td>
</tr>
<tr>
<td>Age: 20</td>
<td>Age: 20</td>
</tr>
<tr>
<td>University: Yuan-Ze University</td>
<td>University: National Taiwan University</td>
</tr>
<tr>
<td>Level: Bachelor</td>
<td>Level: Bachelor</td>
</tr>
<tr>
<td>Major: International Business</td>
<td>Major: International Business</td>
</tr>
</tbody>
</table>
Participant 3
Name: Brandon
Age: 21
University: Fu-yen University
Level: Bachelor
Major: International Business

Participant 4
Name: Derrick
Age: 21
University: Fu-yen University
Level: Bachelor
Major: Finance

Participant 5
Name: Charlene
Age: 26
University: National Chengchi University
Level: Master
Major: Business Administration

Participant 6
Name: Kelly
Age: 26
University: National Chengchi University
Level: Master
Major: Business Administration

Participant 7
Name: Anna
Age: 22
University: National Chengchi University
Level: Bachelor
Major: Public Finance

Participant 8
Name: Ulysses
Age: 27
University: National Chengchi University
Level: Master
Major: Business Administration

Participant 9
Name: Patrick
Age: 21
University: National Taiwan University
Level: Bachelor
Major: Economics

Participant 10
Name: Harry
Age: 21
University: National Taiwan University
Level: Bachelor
Major: Accounting

Participant 11
Name: Anne
Age: 21
University: National Taiwan University
Level: Bachelor
Major: Business Administration

Figure 3: Interview participants’ information
3.3. Procedure and interview guide

The interviews were conducted in Taipei. The author made appointments with the participants at small cafes and on the campus of the National Chengchi University. The locations had to be convenient for the interviewees to create a talkative environment. The author preferred to interview two students together as it was an unknown situation for them which could have been very uncomfortable and obstructive for the conversation. Therefore, it was necessary to overcome the cultural characteristics of Taiwan’s society, shyness and avoidance of speaking up. Further, the presence of a second interviewee encouraged both students to speak up freely and present the ideas without anxiety. In detail, four interviews were two-person interviews and the other three were single interviews. The students who were interviewed together were Cody & Hsiao, Brandon & Derrick, Kelly & Charlene and Patrick & Harry. They are marked with arrows in Figure 1. Further, Ulysses, Anne, and Anna were interviewed alone.

The level of English had to be appropriate to guarantee that all interview questions are understood correctly. The students were asked beforehand if they feel comfortable talking in English and if they think they can express their ideas in the foreign language. In addition, the interviewees have spent their whole lives in Taiwan and never lived abroad. Therefore, they experienced the influences of both forces in Taiwan and did not have contact with Western ideas outside of Taiwan.

The interview guideline helped the author to keep focused during the interview. However, the development of this guideline should be based on the existing literature to avoid getting not useable data (Bryman & Bell, 2011; Turner, 2010). The guideline was a combination of
questions about Westernization, Confucian values and ethical business dilemmas, which helped to evaluate commitment towards personal integrity and honesty (Danon-Leva, 2010). In order to choose the right dilemmas, Clark’s (1966) Personal Business Ethical Scores (PBES) was used because they have already been tested by other researchers in different cultures. Hence, the validity of these questions is already proven to be understood and represented by many cultures.

Originally, Clark (1966) used eleven dilemmas in his survey which described frequently occurring ethical challenges. However, for this study only four out of eleven dilemmas were chosen because compared to the origin study which followed a quantitative approach this thesis deals with cultural influences on the ethical perception with a qualitative approach. Moreover, these four scenarios of ethical dilemmas, which were also used by Mujtaba (1997), represented the four main values of Confucian societies, namely honesty, loyalty, benevolence, and righteousness, which is sufficient for this study. The reader may find them in the interview guideline in Appendix A.

### 3.4. Interview data analysis

In contrast to quantitative research where the outcome are numbers, the outcome of qualitative research are texts (Adams et al., 2007). Therefore, the method of analysing the data differs between these two approaches. As this thesis follows a qualitative approach, the author chose the popular template analysis by Nigel King to evaluate the empirical part because this approach is widely used. Another crucial factor for choosing the template analysis was that the purpose of this thesis was to interpret personal beliefs and values of people. King (1998) defined the
core of this approach as the researcher’s production of a list of codes which illustrates specific themes found in the textual data. Most of them were identified beforehand but during the reading and interpreting process they had been modified and adapted. King (1998) stated that the template analysis should be put between content analysis, where all codes are a priori, and grounded theory, where no code is predetermined. Therefore, this approach can be used for a wide range of content analyses.

According to King (1998), the first step after transcribing the interviews was the definition of codes. These codes were enclosed to sections of the text to indicate that they were important to the interpretation of the author. Most of the codes were interpretive which made it harder to define them clearly as there was a discrepancy between the author’s and the interviewee’s opinion. Furthermore, a hierarchical organization of the codes and a union of similar codes was very common for the template analysis. The ordering into wide higher-order codes and precise lower-order codes gave a proper general overview of the interview but also allowed exact differentiations. However, it was important to stay in the range of two to four levels because too many levels could have been destructive for keeping a general overview (King, 1998).

The author defined most of the topics which had to be covered during the interview beforehand. Therefore, it was most effectively to use the initial interview guide as the starting point for developing the template (King, 1998). The initial template can be seen in Appendix B which shows the division into four highest-order codes. This template was modified throughout the analysing process which can be seen as an updated template in Appendix C.
3.5. Qualitative Rigor

According to Bryman & Bell (2011), the rigor of a qualitative research is one of the major aspects which concerns critics because due to the limited number of participants it is difficult to find general conclusions. One argument against this statement is that it is not correct to simply state that a generalization of one participant’s perception is not possible because there are more factors which influence the decision to take a particular participant (Flyvbjerg, 2004). Furthermore, Flyvbjerg (2004) states that qualitative research is one possible way of gaining knowledge. However, reflecting and reassessing is crucial to make sure the quality is high.

Pyett (2003) argues in a similar way that the quality criteria for quantitative research cannot be just used for evaluating qualitative research because the focus is a completely different one. He states that qualitative research should be able to interpret and illustrate complex social phenomena precisely. According to Thomas and Magilvy (2011), the most accurate criteria for qualitative research are creditability, transferability, dependability and confirmability.

Thomas and Magilvy (2011) stated that creditability can be gained by reviewing the interview transcripts closely in order to find similar ideas and common patterns among the participants. Another important step is going back to some participants to make sure that the interpretation and understanding of the data are accurate and no fundamental ideas are missing.

The second criterion transferability means that the findings of the qualitative research can be used for other participants in other contexts as well (Thomas & Magilvy, 2011). In order to be able to do that the particular culture has to be explained precisely (Bryman & Bell, 2011).
Therefore, this thesis showed detailed information about culture and academic background of the participants. The dependability is given when the research provides a detailed insight of the purpose, the reason why the participants are selected and an explanation of the data analysis method (Thomas & Magilvy, 2011). These factors were presented earlier in Section 3.2.

The fourth criterion for providing valid qualitative research is confirmability which is the result of establishing the other three (Thomas & Magilvy, 2011). However, it is also important that the author is self-critical and reflective to make sure that personal values do not influence the findings of the research.
4. Chapter 4: Findings

This chapter is dedicated to the presentation of the main findings from the empirical study in order to prepare the basis for the following discussion chapter. The students’ ideas and perceptions were classified and ordered by subchapters. Moreover, the findings were divided into six major parts. The first and second part will show the participant’s personal ideas of the concepts Confucianism and Westernization. The third part will present individual perceptions of ethical business behaviour, especially in Taiwan. The four and fifth part will point out the most important cultural and societal influences on the students’ perception. The last part will have a look at the perception of the current transformation of Taiwanese students and will present their future outlook.

4.1 Confucianism and its actuality

This section will give an overview on the main aspects connected to Confucianism which have been mentioned during the interviews. It was very important to let the students talk about their understanding of Confucianism. Overall, they defined it very similar to the academic descriptions. However, some students saw its influence critically.

4.1.1 Defining Confucianism

Confucianism is still a very important and influencing moral and philosophical concept in Asia, especially in China, Japan and Taiwan. However, this concept is very complex and has a lot of aspects to consider. Most of the interviewees identified Confucius as the main person in
developing and shaping the moral and ethical system in Taiwan. Moreover, many students used specific keywords to describe Confucianism. One interviewee described the main idea of Confucianism as follows.

*Kelly: “For me, it is obedience. When we go to school we are told to follow our teacher’s instruction and never question. That is the core value, to respect the elderly. “*

Other students also highlighted the importance of obedience, being humble and avoid criticism. Further, they stated that it is very hard for people in Taiwan to accept critics. One interviewee mentioned the importance of education in creating a moral understanding regarding Confucianism among the young generation. Most of the Confucian values and rules are followed without thinking directly of them. Due to the long-lasting impact on the students the implicitness of following ethical values and rules is positioned subconsciously in their mind. Other students mentioned education as well as the crucial factor in influencing young people with Confucian ideas besides family. In Taiwan Confucianism is taught in primary and secondary school which shows the government’s interest in educating people in being humble and obedient.

### 4.1.2 Confucian influence on society

Most of the interviewees felt that the influence of Confucianism on the society was very strong in former times, but nowadays its importance decreases. They thought that their parents were much more influenced by Confucianism, but their generation is already influenced to a higher degree by Western values. According to one student, people are experiencing the influence of Confucian values and have to act according to them because society is expecting it. However,
some students differentiated between areas which are influenced to a different extent by Confucianism. It can be noted that Confucianism is still fundamental in the area of business.

Derrick: “The importance of Confucianism is getting less and less on our generation. But in business it is still strong, you need to be humble, you have to follow the boss.”

In general, most of the students had a positive perception towards Confucianism and its influence on society. In contrast, one interviewee talked very critical about the concept of Confucianism and its underlying values influencing the society. He said that Confucianism is the reason why people are not standing up against the upper class which has the authority. Further, he thought that Confucianism makes people weak which supports the people in charge because nobody dares to stand up for their rights.

4.1.3 Business relevance

The concepts of relationships, guanxi, and face, mianzi, were brought out by the interviewees several times as they were seen as essential aspects of Confucianism in Taiwanese culture. Further, they highlighted the most important types of relationships in Confucian societies, namely father-child and boss-employee. Moreover, most of the interviewees stated that guanxi is still very present in Taiwan.

Anna: ”Personal relationships are very important. In Taiwan guanxi is more important than ability. You can get easily a job with good relationships”
Many participants stated that in Taiwan employees with good networks are chosen over employees with better qualifications because they bring more benefit to the company. Therefore, students felt that relationships are still more important than ability. One interviewee tried to describe this action by saying that managers think people can be trained by the company, but it is hard to build up a good network. The importance of the long-term orientation of these relationships was also emphasized by some students. They mentioned that it is necessary to keep good relationships as long as they are beneficial for both partners.

However, only two students looked at the importance of guanxi skeptically. One noted that not everything should be concentrated on the factor relationship. It is also necessary to have the right abilities to perform well. According to her, guanxi hinders the growth because people are focusing on networks rather than on qualifications. Often it is more important to graduate from a well-known university with average grades than having the best grades at an unknown university with weaker networks. She also said that there is a slow change away from the relationship orientation in Taiwan. Another student stated that a reduction of the importance of guanxi could make Taiwan’s society fairer. However, he also emphasized the ongoing strong influence of relationships on business life.

Kelly: “Relationships really matter, but sometimes it hinders the growth if everything is about relationships. You can rely on relationships, but you need abilities as well to prove yourself. Nowadays, I think there is a change in Taiwan but guanxi is still very very important.”

Face saving, mianzi, was the other fundamental factor of Confucianism and in making business in Taiwan mentioned by the participants. Two students pointed out that is socially unacceptable
to criticize the boss. They also mentioned the importance of respecting elders and higher rank people in talking about problems. According to them, it is necessary to give suggestions rather than simply criticize. Another interviewee looked at the problem of talking to the boss in two ways. If it is a tradition-conscious boss there should be no conversation about the problem but if there is an open-minded boss the employee definitely should talk about problems.

Harry: “I think mianzi is very important in our society and in business. You cannot just criticize the boss.”

In contrast, one student suggested that there should be a more Western way for this case. She said that a direct conversation is the best solution to avoid misunderstandings which are already practiced by start-up companies in Taiwan. Another interviewee felt that the cultural issues of mianzi and guanxi will diminish in the future because of the diminishing of Confucianism.

Several participants mentioned the need to divide between industry types and company types. One worked already for smaller and larger companies and felt that small, mostly family-owned firms are much more influenced by Confucianism than big multinational companies. Another one stated that the degree of Confucian influence depends on the industry type. In some industries like technical or banking, the influence of Confucianism is already getting less. There is the need for adapting new things to Confucianism to be competitive.

Kelly: “The influence depends on the company. In family business, Confucianism is very strong because the major positions are taken by family members and we know they are irreplaceable and have much more power.”
4.1.4 Summary

This part focused on Confucianism and its influence on today’s society. First of all, the interviewees described Confucianism with their own words, in particular, keywords. The most frequent ones were obedience, humble and respect for elders. The fundamental role of family and school in teaching Confucian values was pointed out by many participants.

The influence of Confucianism was seen as diminishing in society but was seen as still strong in business, especially in small, family-owned firms. Most of the students had a positive perception towards Confucian influence. In contrast, two interviewees looked at this influence very critically because in their opinion Confucianism is the reason for anxiety in society.

Guanxi and mianzi were seen as crucial Confucian concepts in business by all of the participants. Relationships are more important than the ability for Taiwanese companies because it is easier for them to train employees on the job. Saving the face of a higher rank person was named as another underlying factor in the Taiwanese society. However, there was an overall feeling that the importance of these factors will decrease in the future because Confucianism, in general, will decrease.

4.2 Degree of Westernization in Taiwan

The literature review showed that it is not easy to come up with a universal definition of Westernization because most scholars rather refer to globalisation in general. Furthermore, there is not much literature which studies Westernization in particular. Therefore, it was
necessary to get insights from the students of how they describe Westernization in their own words and how they feel about it.

### 4.2.1 Defining Westernization and its role in society

The definition of Westernization and its values differed between the participants. The interviews showed that it was also difficult for the students to define the term Westernization. However, they tried to explain it by naming typical Western aspects like honesty, courage, independence. In contrast, some interviewees could not name typical values and simply defined Westernization as an increase of Western television shows and Western brands.

*Anna:* “More outgoing, you can fight for your rights. There is a change to be more independent and not just follow without questioning.”

In general, many students felt that Taiwan is being westernized to a high degree. The main reasons for this high influence are media, movies and TV. The most famous Western brands are present everywhere in Taiwan and their advertisements introduce and establish Western values in Taiwanese society. The comparison between Taiwan and China by one student showed the image of Taiwan being more westernized because of higher diversity. According to some participants, the Western world is seen as something special and high class. Therefore, the overall perception of the interviewees towards the increase of Western influence is positive, in contrast to Confucianism.

*Brandon:* “Taiwan is very westernized compared to China because we are more liberal and diverse and also accept them.”
On the other hand, only two students felt that there is no or just a small influence of the Western world on Taiwanese society. Countries like China, South Korea or Japan are also influencing Taiwan to a high extent. In their opinion, these influences are much more relevant for Taiwan’s society. These two students explained this fact by mentioning the geographic closeness and cultural similarities.

### 4.2.2 Western influence on Taiwanese businesses

The overall feeling of the interviewees was that the influence of the West on business is high in big, multinational companies and on small, startups but not notable on family-owned traditional companies. Some students stated that it is very important for Taiwanese companies to adopt Western practices and theories if they want to be successful internationally. One participant highlighted this phenomenon by stating that Taiwanese companies try to establish the most recent Western theories even though it is not necessary. However, another one critically thought that sometimes Western theories are just tried to be adapted because they are Western but he would also not define Westernization as a deterioration for Taiwan’s society.

*Ulysses: “I think Taiwan is influenced a lot by the West, like the new theories of the West. We force ourselves to understand these theories. If you don’t want to you are seen as left behind. I think it is good but as a company you should think if it is really necessary to adapt to these Western theories.”*

Furthermore, some students stated that the increase of Western ideas in Taiwanese businesses occurred because business students have to study from mostly Western textbooks and, therefore, Western ideas of business. Another reason was mentioned by one student who
thought that more Taiwanese go abroad to Western countries and get influenced directly by these cultures. When they return back home they bring these new experiences to their jobs in Taiwan.

Anna: “I think it is getting more westernized because people go abroad and bring the new values to their jobs in Taiwan.”

4.2.4 Summary

Defining Westernization by the participants showed that they associate this term with values like honesty and courage. In their opinion, Taiwan is westernized to a certain extent but some students also mentioned the importance of other cultures influence, like China, Japan and South Korea. According to them, these factors are equally important as the Western influence.

Further, most of the students also felt that the importance of the West in business is high and even increasing. In particular, big multinational firms and small startups are influenced a lot. The main reasons for the increase of Western influence are the use of Western textbooks at university and the increasing willingness of going abroad.

4.3 Ethical business behaviour

The author asked the research participants to generally define ethical business behaviour. Further, the students named typical values for Western ethics and Confucian ethics. At the end, they compared the two concepts and decided which one is more ethical in which areas and why.
4.3.1 Students´ Perceptions

As there is no consensus on a general definition of business ethics in literature it was useful to start with letting the students talk about their perception of this ethics in business. Furthermore, nine out of eleven interviewees stated that they did not attend any specific business ethics class at university. They only hear a little bit about this topic in other classes which is not enough to get sufficient knowledge. Only one student took a specific course because he set up a company and wanted to know more about business ethics.

The majority of the research participants defined ethical business behaviour as acting in favour of the employees and customers but also to society. When doing business one should not feel guilty. Therefore, honesty was seen as the most important value for being ethical. Other important factors in Taiwanese companies for an ethical environment are loyalty, humanity and righteousness.

*Anne:* “Employer and employees should act as ethical as they can, like not cheating, try to maintain their promises and be honest to the customers and society.”

Four students agreed on corporate social responsibility and environmental protection as fundamental goals of business ethics. They highlighted the need for a company to be ethical internally but also externally.

*Cody:* “It’s like when you produce your product you should create social responsibility. The product should also reduce the harm to animals and environment. The company should also treat its employees nice that would be ethical business behaviour for me.”
However, the economic situation of people plays an important role as well for acting ethically. Due to the increase of wealth in Taiwan people are caring more about issues like environment. Some decades ago in Western countries a similar change of thinking happened because the wealth increased as well.

Anne: “I think when people are getting richer then they care more about ethics and the quality of their living, like environment or CSR.”

4.3.2 Public image

When talking about business ethics, many students mentioned the importance of the public image for creating an ethical business environment in Taiwan. It is necessary for companies to be seen as trustworthy among society to be able to generate profit which leads them to act ethically. However, one participant disagreed with this opinion. For her, Taiwanese companies are just trying to be seen as ethical firms in society but internally they are not.

Cody: “The stress of the society makes companies to act ethical for the public but, in fact, they are not. They just want to have a good picture in public.”

Nowadays the most influential factor for enhancing the importance of having a good image in public is social media. Some students thought that the rapid information transport is a reason for the increasing awareness in society.

Hsiao: “I think it changed already to a certain degree, because of social media.”
4.3.3 Role of government

Half of the interviewees thought that the government has a big role as well in creating ethical business behaviour. According to them, it already tries to force companies to act more ethically. However, the other half of interviewees criticized the governmental approaches against unethical practices. They thought that it should do more to compel companies to act ethically. According to these students, high fines for unethical practices would be the best approach towards more ethical business behaviour.

Cody: “It should make higher fines and should monitor them. Often fines are too small compared to the profit so companies keep doing unethical things. They should give them more regulation and raise the fine or close the company."

4.3.4 Ethical scandals in Taiwan

The increasing number of ethical scandals in Taiwan was seen as another essential factor for shaping Taiwanese society’s perception of ethical business behaviour and for an increase of awareness of business ethics. Further, theses scandals happened mostly in the food industry and environmental damage which are sensitive fields for Taiwanese because they prefer to go to restaurants and are frequently affected by natural disasters.

Charlene: “I think people are getting more aware because companies focus more on being ethical because society is looking at them more closely because of the scandals.”
One of the most mentioned companies was Ting-Hsin. This company used old oil for producing their products which can seriously damage the health. Therefore, these unethical practices increased the awareness of ethical business behaviour tremendously within Taiwanese society.

*Derrick:* “*A company called Ting-Hsin and they produce oil. Some months ago it was reported by using dirty, reused oil. They put it together to addable oils which is very horrible because if you eat this you can die.*”

Some interviewees also mentioned unethical practices in the Western world which have affected their perception as well. One student named the company Nike as an example for acting unethically by exploiting their employees in the production countries. He also criticized that Western people just care about their wealth but are not interested in supporting other people. Another student thought of the case of Enron in the United States of America as a typical unethical business behaviour. Therefore, the students felt their awareness of acting ethically in business increased due to the scandals in Taiwan but also in the Western World.

### 4.3.5 Comparing West and East

The research participants were asked to compare their perceptions of Western ethics with Confucian ethics, especially Taiwanese ethics. The result was that in some business areas the Western values were seen as more ethical and in other areas Confucian ethics was seen as more ethical. The interviewees stated that especially in the areas of corporate social responsibility and environmental protection the Western World is acting more ethical. Furthermore, one student stated that these ethical practices are seen by Taiwanese companies which try to introduce them to their own business practices.
Patrick: “Western World is more ethical in terms of environmental issues and CSR.”

Taiwan, in contrast, was seen as more ethical regarding interpersonal relationships in companies due to the Confucian influence. In general, most of the students felt that there are positive aspects in both ethical concepts. Therefore, the best approach is to focus on the good sides of both.

4.3.6 Summary

Talking about their perception of ethical business behaviour, the students agreed on the importance of honesty and loyalty. Furthermore, they stated that corporate social responsibility and environmental protection are important goals which business ethics should accomplish. The public image of a company is another fundamental factor for the focus on acting ethically because no company can afford to lose customers. Due to social media, society has an easy access to information and can exchange it rapidly.

Ethical scandals among Taiwanese companies play a fundamental role in increasing the awareness of ethical behaviour in society. These recent incidents influenced the perception of business ethics essentially. However, the role of the government in monitoring companies and helping to create a more ethical business behaviour was seen as underrepresented. When comparing the East and the West regarding ethical behaviour, the interviewees agreed that there are positive ideas in both and the best way would be the combination of them.
4.4 Ethical dilemmas

The interview consisted of four ethical dilemmas which can be found in Appendix A. Further, there were no right or wrong answers. Therefore, the answers were likely influenced by the family background of the interviewees, personal experiences, academic knowledge of the topic and social aspects. The dilemmas were chosen to represent the main values of Confucianism and Western ethics. The aim was to look closely at the problem-solving approaches provided by the research participants. However, the answers also added several factors to the fundamental understanding of their perception of business ethics.

4.4.1. Honesty

The first dilemma deals with the issue of honesty in business life. An employee knows that the bonds of a company are not a good investment for a customer but his employer forces him to still sell them. Even though he does not feel good about this action, he decides to follow his employer’s advice to recommend these bonds.

According to the students, the most important value in Eastern and Western theory about ethical business behaviour is honesty. It is crucial for interpersonal relationships that both sides do not lie and keep promises. However, they also felt that honesty can be disregarded if it is necessary, especially in short-term relationships. Furthermore, most of the interviewees stated that in Taiwan honesty is just high in theory but in practice it is very low. They felt that many Taiwanese companies would use unethical, sometimes even illegal, practices to be successful.
Harry: “If you want to make some big long-term agreements honesty is very important for both sides. But if you just make some small, trivial, single deals there can be some adjustments to honesty.”

The majority of participants would follow unethical practices to be dishonest because in Taiwan an employee always has to follow the boss without questioning. A single employee is seen as powerless in a big organization where the power belongs to a few. Therefore, the boss is the responsible person in order to create an ethical working environment. In their opinion, the leader has to show the employees how to act ethically.

Patrick: “If you are the employee you have to do what the company is telling you, no matter if it is ethical or unethical.”

Only two students told the author that the employee should not follow the company’s unethical approach. One thought that everybody has to follow ethical principles no matter what the boss says. According to her, money and the fear of losing the job are the most important factors in deciding to do unethical practices, in this case, be dishonest. The other student suggested that an employee should quit the job rather than follow unethical policies.

4.4.2. Righteousness

In the second dilemma, an employer has to choose the right candidate for a possible promotion. There are two employees, one with a good network of relationships and one with better qualifications. The person with better relationships gets chosen because it seems to bring a
bigger benefit to the company. However, the manager knows that this decision is not fair towards the person with better abilities.

Another important value in Confucianism is righteousness but also in Western business ethics it is an essential part which can be defined as morally justified behaviour. Most of the students looked similarly at the second dilemma which is connected to righteousness. They felt it was right that the company had chosen the candidate with the better network over the one with better ability because the benefit of the company was seen as the highest goal.

_Hsiao: “I think he made the right action because the most important thing is the benefit of the company. The other thing is that this person provides another better opportunity.”_

In contrast, three students out of the eleven research participants thought that it would be not fair to reject the person with better qualifications. However, in practical life they believed that they would do the same because it is in favour of the company which is the most important factor.

_Brandon: “Perwiz has better connections and will help the company. He is taking the benefit for the company in the first place. But if you look at the case in a different perspective you will say it is unfair because the most qualified person cannot get the right position. However, I would say Shaquanda did the right decision because she did it for the company.”_
4.4.3. Humanity

The third dilemma is similar to the first one but with focus on Humanity. An employee is forced to sell broken cars to customers without telling them. Therefore, he risks that they get hurt. Even though he does not like these practices he reluctantly follows them.

Humanity is also one of the core values of Confucianism and deeply rooted in the Taiwanese society. The interviewees have seen this value as less important in Western ethics compared to honesty and righteousness. The third dilemma, which is similar to the first one in terms of honesty, showed that humanity is a fundamental part of the participants’ mindset. In contrast to the first dilemma where honesty can be adjusted in certain cases, it is much more important in the third dilemma to act ethically to be able to save human lives. Therefore, unethical behaviour is unacceptable in this scenario.

*Patrick:* “I think it is similar to the first problem with honesty but this time it is not a good thing because it is about human lives.”

However, one student stated that he would still follow such unethical policies because he would be afraid to lose his job. A single employee is not able to change the philosophy of the whole company.
4.4.4. Loyalty

In the fourth dilemma, the main issue is loyalty between an employee and employer. A manager instructs a worker how to adopt sales policy. As the company is in a bad financial condition the employer orders the employee to follow the unethical policy which he reluctantly does.

The topic of the fourth dilemma was loyalty and to what extent a boss should be followed. All students except three felt that employees should follow the boss because he/she has the higher role, mostly due to a higher age, and cannot be challenged by a single worker which is a fundamental principle of Confucianism in Taiwan. In contrast, in Western ethics loyalty does not have the same importance because many Western companies encourage employees to challenge unethical behaviour.

Patrick: “If you are the employee you have to do what the company is telling you, no matter if it is ethical or unethical.”

One interviewee mentioned being part of a company for a longer time leads to a family-like feeling which is a crucial factor why employees feel the need of acting loyal. Therefore, even if the practices are unethical they should be followed because the boss is seen as a role model who knows what is best for the company.

Derrick: “If my boss and I are a long time together and we are like family, I would just follow even if it is something illegal and I might go to jail.”
On the contrary, three participants would not follow such unethical advice. They would rather quit their job than making themselves guilty. They also stated that employees are the first people who would be taken to court because in Taiwan most of the times managers either pay bribe money or leave the country.

4.4.5 Summary

When talking about the four ethical dilemmas the students were confronted with irresolvable cases. Therefore, their answers could not be seen as correct or wrong but rather as trendsetting. However, in most dilemmas the interviewees presented similar ideas and approaches for solutions.

Humanity and loyalty were seen as the most important virtues to be considered when talking about business ethics. According to the students, it is crucial for companies to follow ethical practices when people are directly affected by it. There was no doubt that it is unacceptable for firms to risk human lives. Furthermore, the need to follow the boss is culturally given because the company is seen as a family where the boss has the highest rank. Therefore, he is responsible for acting ethically.

For the interviewees, in theory, honesty should be an essential ethical value in business but in practice it is often adjusted in order to serve other purposes. Many students would be dishonest if it is part of the company’s policy. Therefore, some factors can lower the importance of honesty in business ethics. The research participants had a similar opinion about righteousness. According to them, theory and practice differ as well because sometimes unfair actions are needed in order to be successful.
4.5 Transformation and future outlook

How much did the Taiwanese students’ perception of business ethics change and how will this transformation process continue in the next years? The last section will provide an answer to this question and give an outlook on future. The interviewees talked about their ideas of an actual transformation of their mind towards more ethical awareness. Firstly, the above-mentioned various scandals in Taiwan have a big influence on the increase of ethical awareness. Further, social media is another crucial factor for the increasing business ethical awareness among the students because it is making the society more aware of environmental problems and unethical practices among companies.

Most of the students felt that there is already a change among the current leaders towards more ethical behaviour, but the real change of an ethical mind will come when their generation is in charge of the big companies and governmental institutions. The majority of the interviewees mentioned the fact that their generation is currently experiencing the influence of both ethical concepts. Therefore, they will be able to use the best approaches of both influences. Most interviewees highlighted the importance of Westernization in transforming their mind towards more ethical behaviour in certain areas.

Derrick: “I think the change will come with our generation because we know both concepts.

I think we will be more ethical than the 40-50-year-old people who are in charge right now.”
In contrast, one participant introduced an interesting idea. He stated that the influence of Confucianism will become less and the Western influence but also other cultures’ influence will increase which will result in a mixed perception of ethical business behaviour. He said the reason why Taiwan is more accessible for other cultures compared to China is the fact that Taiwan has fewer prejudices towards foreign thoughts. According to him, there will be mixed understanding of business ethics among future leaders. However, it will be important for them to understand the difference and know how to evaluate them.

### 4.6 Summary of findings

After analysing the eleven qualitative interviews, the author can conclude that the concepts of Westernization and Confucianism are well known by Taiwanese students. Furthermore, the influence of both on the students’ perception of ethical business behaviour was widely acknowledged.

Confucianism is a strong influential factor on Taiwanese society and on business. Confucian teachings are the main reason for the humble and obedient social structures where people have to follow without questioning and it is not accepted to stand up and criticize higher rank people. Therefore, relationships, guanxi, and the concept of face, mianzi, are still fundamental practices when doing business in Taiwan. The importance of having a good network and never challenge the boss directly are still underlying factors in business and further in ethical business behaviour. Even though the importance is diminishing among the younger generation they are still highly influential.
Westernization is seen as an improvement for the Confucian society in several areas like corporate social responsibility and environmental protection. Students are mostly influenced by Western ideas from the Western books at university and Western media. However, in other areas it is seen as not essential because other factors are more important, such as personal relationships or acting humanely. Further, Chinese, South Korean and Japanese influence are seen as equally important as the Western influence on the perception of business ethics. Due to the geographic closeness and cultural similarities these factors play an important role as well.

Another significant influential factor is ethical scandals among Taiwanese companies. These incidents increase society’s awareness of ethical behaviour internally and shape the students’ ideas of acting ethically in business as well. Social media is supporting this influence by making information more transparent and easily accessible.

The four ethical dilemmas showed that the interviewees highly valued humanity and loyalty whereas honesty and righteousness were seen as very important in theory but easily adjustable in practice. For them, it is unacceptable to risk human lives and not following the boss because a company can be compared to a family where members are responsible for each other and where every member has a specific role.

In Taiwan, there is already a changing process regarding business ethics within society. However, the students’ felt that the real change towards more ethical behaviour will come when they are in charge of big companies or governmental positions. The main reason for this improvement is that the students are experiencing the influence of Confucianism and Westernization on their perception of ethical behaviour simultaneously. Therefore, they are
expecting a more ethical business environment in the next years where the best ideas of both concepts will be used by the students.
5. Chapter 5: Discussion

In this chapter the results will be analysed and discussed to be able to successfully answer the research question:

“Whether and how do Westernization and Confucianism influence the perception of ethical business behaviour among Taiwanese business students?”

The author’s findings confirm that Westernization and Confucianism do have a significant impact on the students’ perceptions but they are not the only forces in shaping the idea of ethical business behaviour among Taiwanese students. Other cultures like China, Japan and South Korea also influence the moral ideas of the students to a certain degree. The increasing awareness from within the society due to various ethical scandals is another fundamental factor. Furthermore, the size of a company and the industry type have to be considered as well.

Even the degree of Western influence and Confucian influence is not equally high. As Taiwan has a long history of being influenced by Confucian ideas and values this concept is still very present in society. However, Westernization is gradually becoming more important and notable because the establishment of these values takes time as it is mostly affecting the young generation.
5.1 Perception of ethical business behaviour

First of all, the author has to compare the academic definition of ethical behaviour in business with the actual perception of Taiwanese students to be able to discuss the different influences on it in detail. According to Chan (2008), today’s understanding of business ethics is mostly influenced by Western scholars because it is common practice that Western ideas of ethics are tested in Western but also in non-Western cultures. Therefore, academia lacks fundamental descriptions of business ethics provided by non-Western scholars.

However, Asgary and Mitschow (2002) created an international code for business ethics with trust, fairness, honesty and respect for human rights as the most important values. The research participants also defined honesty and fairness as very important virtues in business ethics. However, they stated that there can be circumstances which can lower the importance of them. Ang and Leong’s (2000) research brought similar results which indicate that there are underlying cultural values. They found that most of Chinese and Taiwanese would sacrifice their credibility to save face. In contrast, humanity which can be compared to respect for human rights was seen as a fundamental goal of business ethics which can never be adjusted. It was notable that this Confucian value was a very sensitive topic for the students. Lin, Ho and Lin (2013) stated humanity is crucial for Confucianism in developing ethical behaviour in general but also in business. Furthermore, no interviewee mentioned trust as an essential value for business ethics which was not surprising because trust per se is not worth mentioning for Taiwanese. The reason for this is that the concept of relationships, guanxi, which was often highlighted as the crucial concept in business comprises trust.
5.2 Influence of Confucianism

The importance of Confucianism in shaping ethical business behaviour among Taiwanese students was mentioned by all interviewees. This finding strongly supports Chan’s (2008) idea of a very present Confucian influence on society in Taiwan in the 21st century. The Confucian core values which had been presented by various scholars in the literature review in Chapter 2.2 were also noted by most of the students, namely honesty, humanity, righteousness and loyalty. This can be seen as another indicator that the younger generation is still fairly influenced by the ideas of Confucian.

Taiwanese still have to study Confucian teachings in school (Liu, Meng & Wan, 2014). Further, many interviewees confirmed this statement in their interviews. Therefore, the first reason for the continuing Confucian influence on the perception of business ethics can be seen as the influence at school. However, some students were influenced to a bigger extent and others were not influenced so much. The ones who were not influenced that much named their parents’ modern attitude as the main reason for having a more westernized idea of ethical business behaviour. This finding shows that the family’s perception regarding traditional Confucian ethics and modern Western ethics is as crucial as the school for students in developing ethical behaviour because family and respecting elders is an integral part of Confucianism which was also found by Hofstede and Bond (1988).

The second reason for an actuality of Confucianism in developing an ethical behaviour among students is its interweavement with cultural factors in the Taiwanese society. Hofstede (1980) and Schwartz (1992) developed cultural dimensions in their studies to be able to explain a
nation’s characteristics. Especially collectivism/embeddedness, power distance/hierarchy and long-term orientation can be seen as fully verified by the students’ answers. They highlighted the importance of following the society’s norms and that everybody depends on each other. As Chan (2008) stated the Confucian Ethical approach focuses on hierarchy within the society and organization. It is also very important to keep relationships for a longer time which clearly shows the long-term orientation of Taiwanese. Therefore, Winckler (2014) stated that Confucianism can be an important factor in enhancing human affairs.

The third explanation why students are still fairly influenced by Confucianism is the continuing presence of the underlying concepts of relationships, guanxi, and face, mianzi. All students mentioned the importance of guanxi in doing business which supports Irwin’s (2012) idea that the concepts of guanxi and mianzi are deeply embedded in Chinese and Taiwanese society with a strong influence on business life. According to most of the students, in Taiwan it is better to have a good network rather than having the best grades. Therefore, business is all about interpersonal relationships which are seen by many of the interviewees as ethical and necessary for companies. This finding stands in contrast to the opinion of Gu, Hung and Tse (2008) who see guanxi as a possible unethical concept as presented in Chapter 2.3.1.

The other fundamental concept in shaping the students’ perceptions of ethical business behaviour is mianzi, a concept of face as Ting-Toomey (1994) defined it. According to her, it is the public image of oneself and it is very important in daily interactions. Hwang et al. (2009) noticed that people in Confucian societies try to do morally right things because of shame which was noticed by several research participants as well when talking about the importance of saving one’s face in society and business. However, it has also some responsibility for unethical practices in Taiwanese business because the boss is untouchable in his actions.
Further, it is an influencing factor for Taiwanese students in developing their perception of ethical business behaviour because this concept implies that the boss is responsible for judging whether practices are ethical and unethical. For employees, this principle takes away the process to think and decide for themselves which results in a distorted perception of ethical behaviour. Therefore, if something is ethical or unethical is a given fact from people in higher positions and an individual has almost no opportunity to decide for oneself. Yao (1987) noted that honesty is not as important as face for most of the employees which adds an unethical aspect to the concept of mianzi. The findings support this idea because most of the students stated that sometimes honesty is adjustable under certain circumstances.

The Confucian influence on business ethics on the students’ perceptions was also indicated by their strong focus on acting humanely which is one of the core principles as Winckler (2014) stated as well. For many interviewees, it was very important that companies and managers act in favour of employees and society in general. The aim should be an improvement of the life of the people. In order to reach that goal ethical business practices are necessary because it makes sure that nobody profits from another’s suffering. Chan (2008) also stated that the main goal is developing human virtues. However, the Confucian value of honesty was seen as a typical Western value for acting ethically among Taiwanese students. They felt that Taiwanese companies are often not telling the truth which was seen as very unethical practices.

5.3 Influence of Westernization

Westernization as the key influence for a modern perception of business ethics was stated by most of the students. Their answers verified the findings from Tsai and Zhou (2014) of a
westernized youth generation in Taiwan with a positive perception towards Western ethics. Further, some interviewees thought that the use of Western business books in many university classes does have a strong impact on students’ perception of business ethics because Western ideas are mostly seen as superior compared to local teachings. This phenomenon was observed as well by Kind Zheng (2006) because he named the rising acceptance and famousness of Western companies as the reason. The influence of Western business practices is very strong in new start-up companies which are a result of graduating students with a westernized understanding of ethical business behaviour. According to Tsai and Zhou (2014), the young generation has grown up with the existence of Western brands and their ideas which had made them familiarizing it in their mindset. Furthermore, the findings showed that students thought that big, multinational companies also try to implement more and more Western business practices which should signalize a change towards more ethical business behaviour. Rin, Chu and Liu (1966) found that a modernisation of lifestyle and ideas is linked rather to Western than traditional values.

Many research participants compared Confucian ethics with Western ethics and felt that Western ethics are more ethical in terms of corporate social responsibility and environmental issues. Tsai and Zhou (2014) verifies this finding by stating that the young generation in Taiwan has developed a positive perception towards the Western influence on society. However, some stated that Confucian ethics are more ethical because they take care of people as human beings. These findings clearly show that students are in a process of transformation between these different ethical and moral ideas. Moreover, many students felt that the real change from the traditional Confucian perception towards business ethics to a more Western view will come when their generation is in charge of higher management positions which was also found by
Tsai and Zhou (2014). Therefore, the whole transformation process will take more years to influence the general idea of business ethics in the management sector in Taiwan.

Westernization is not the only influential force in shaping the perception of business ethics. Some students also mentioned the importance of other cultures, mainly China and Japan due to their regional and cultural closeness. Therefore, Westernization can be named as one key factor in changing the Taiwanese students’ perceptions of ethical business behaviour but not as the only factor. According to Kim ad Kim (2010), culture explains discrepancies in ethical perception which was noticed by the author as well during the analysing process. Furthermore, Taiwan was seen by the interviewees as a melting pot of different cultures and values due to its foreigner friendly governmental policies.

5.4 Other influences

The aim of this study was to identify whether and how the two concepts Westernization and Confucianism influence the perception of ethical behaviour. The extent of their effects was discussed earlier. However, the research also showed that there are additional influence factors which have to be considered because most of the students mentioned them during the interviews. These factors were named as other cultures and ethical scandals in combination with social media.
5.4.1 Ethical scandals

In recent years, many ethical scandals happened in Taiwan. These incidents had an influence on the perception of ethical behaviour among the students. It gave the students an opportunity to think closely of business ethics in general and how to run a company successfully while using ethical practices. It also showed the students how companies had tried to hide unethical behaviour from society which increased the awareness of the need of acting ethical in business. The students are willing to act ethically as managers in the future as they have seen how destructive unethical practices can be.

Another important factor in accelerating the increasing awareness of business ethics is the internet, especially social media. In contrast to older generations, this generation of students uses social media on a daily basis which allows them to share and get a lot of transparent information in a very short time. It encourages them to actively grapple with ethics in business when they notice ethical scandals.

5.4.2 Cultural aspects

Ma (2010) mentioned the importance of culture in influencing the ethical perception. The first frequently mentioned factor was the hierarchical structure in Taiwan and the need to follow the rules. What the students described reflects, first of all, the influence of Hofstede’s (1980) power distance or hierarchy dimension (Schwartz, 1992). Most of the students felt that it is necessary to follow the boss no matter what the task is. It even does not matter how unethical something is because the boss is unquestionable. Further, the boss is the person who has to know and decide whether an action is ethical or unethical because an individual employee is just a small
part in the big concept of the company. Another important factor for this idea of business ethics is the Confucian core value of loyalty. It provides a certain social understanding of faithfulness in the view of ethical behaviour.

The boss is the responsible person in order to create an ethical working environment. As the leader, he/she has to show the employees how to act ethically because the role of the boss within a company is fundamental. The company and its success are the most important things which everybody has to accept.

The second important cultural influence on the perception of business ethics was collectivism as Hofstede (1980) named it or embeddedness as Schwartz (1992) defined it. Many interviewees mentioned the importance of relationships and social groups in Taiwanese society. It is very important for the people to be part of groups. Companies are seen as a family where every employee has to support the company with all his/her heart. This even implies unethical practices if they are in favour of the firm.

### 5.5 Summary – moral fusion

Confucianism has a long history in Taiwan. Therefore, it is the predominant factor in influencing the perception of ethical business behaviour among Taiwanese students. As they have to study the ideas of Confucius in school they are still fairly affected by its morals ideas. Furthermore, in most of their families these Confucian values are omnipresent which has a big impact on the students’ perception as well.
In contrast, the importance of Westernization in shaping the understanding of ethical behaviour in business has started to increase in the last several years. Nowadays, Western ideas are seen as superior in Taiwan which leads to the phenomena that universities are teaching exclusively Western business ethics and companies try everything to adapt recent Western business practices in order to look more ethical in society. However, the Western culture is not the only force in influencing Taiwanese students’ perception of acting ethically in business. Geographically close cultures like China, Japan and South Korea have a notable impact as well.

Another fundamental force comes from within society due to various ethical scandals among Taiwanese companies. These incidents have increased the awareness of business ethics among the students. The internet and social media helped in accelerating this process.

To conclude, all these factors are creating a merger of different moral ideas and ethical values which results in a fusion of moral understandings among the Taiwanese students. Further, they are influenced by various concepts which leads to a transformation process. However, it will take years until this process is predominant in society and in business because today’s students need to establish themselves as managers in important companies to able to change the business practices to be more ethical and to signalize this change to society.
6. Chapter 6: Conclusion

The influence of Confucianism and Westernization on the perception of ethical business behaviour has not been studied in particular. Therefore, the author decided to do a research among students in Taiwan as they will be the future leaders. From the findings of the empirical study we can see that, both influences do have a significant impact on the students’ perception. This chapter will summarize the main findings of the empirical study and provide a conclusion. Furthermore, limitations and practical implications will be presented as well in order to insert the thesis into the academic world. At the end, the author will propose possible areas for future research.

6.1 Summary

The purpose of this study is to get an understanding about the influence of Westernization and Confucianism on the perception of business behaviour among Taiwanese students. The research also looked at the perception of ethical business behaviour among these students itself. In order to do that, eleven Taiwanese students were interviewed about their ideas and thoughts of ethical business behaviour and to what extent they are influenced by Confucianism and Westernization.

Based on the data which were analysed with King’s (1998) template analysis, the author was able to find out that the influence of Confucianism is fairly strong because of its long history and tradition in Taiwanese society. Further, students still have to study Confucian teachings in school which has a big impact on their perception of ethical business behaviour as well.
However, the influence is getting less and less mostly because of the transformation in society and especially in business.

The cultural dimensions by Hofstede (1980) and Schwartz (1992) helped in getting an understanding of the students’ ethical perception because some cultural key ideas are strongly connected to Confucianism. The study reveals that hierarchy, being a member of a group and long-term orientation are fundamental factors in shaping the student’s perception of business ethics.

The Western values influence the students to a high degree because of the use of Western business books at university. Another important factor for a reinforced Western influence on business ethics is the positive perception towards Western business practices in general. However, the Western culture is not the only influencing factor for developing an ethical business behaviour among Taiwanese students. The Chinese and Japanese influence also have to be considered.

Furthermore, the interviews showed that recent ethical scandals among Taiwanese companies had an essential influence on the perception. There is another culturally independent trigger which comes from within the society due to these scandals. These incidents encouraged them to think closely about the topic business ethics and its importance for society. In addition, social media supports this mind changing process because students are able to get a lot of information very easily.
6.2 Propositions and future research

This empirical research discovered the influence on the perception of business ethics of Confucianism on the one hand and Westernization on the other hand. Based on the literature and the findings, the following theoretical propositions are suggested.

**Proposition 1:** Confucian values are still among the most influential factors in shaping Taiwanese students’ ideas of acting ethically in business.

**Proposition 2:** The impact of Western business ethics on Taiwanese students is clearly notable due to Western books at university, social media and an already existing positive perception towards the Western World. It will get stronger in the next years and decades.

**Proposition 3:** The Western influence is significant in creating an idea of corporate social responsibility and environmental protection.

**Proposition 4:** Taiwanese students are also experiencing other cultures’ influence due to geographic closeness and cultural similarity.

**Proposition 5:** The internal factor of ethical scandals among Taiwanese companies shapes the perception of students to a large extent as well from within the culture.
The thesis provides many chances to conduct further studies by interested researchers. The topic of cultural influences on the idea of ethical business behaviour asks for more studies that can be applied to different theories and it also seeks for more insights and details that may help future expatriates in preparing themselves before going to Taiwan.

For future studies, it would be ideal to increase the number of participants or even change the scope to a quantitative method to be able to test the findings of this research on a broader scale. Furthermore, the focus on one industry type or on one particular company type will allow to get deeper insights as well.

Another possible field for future research would be a qualitative study on the influences of Chinese, Japanese or South Korean culture on the perception of ethical business behaviour among the students. Researchers could also compare these influences to the impact of Westernization in Taiwan in order to find similarities and differences.

6.3 Implications

The implications of this research can be used to give a fundamental understanding of how Taiwanese, especially students, look at ethical business behaviour. Furthermore, it can prepare Western managers who intend to do business in Taiwan in the future.

The study suggests that businesspeople have to be aware of the currently strong but diminishing Confucian influence on the ethical perception. Furthermore, the Western influence will increase in the future which can be helpful for future business purposes. It will be important for
expatriates to look at the industry level in which one is operating and which firm type the Taiwanese partner company is.

According to the results, the real change of business behaviour will come when the present students will become part of the middle and higher management. However, even though Taiwanese people are very open-minded and culturally interested, it is always very important that foreigners have a profound understanding of the Taiwanese culture to show respect.

### 6.4 Limitations of the study

There are several limitations of the study which are revealed in the following section. They show the areas in which this thesis cannot provide sufficient information.

- The choice of students as future middle managers implies that they lack practical experience as they are still students. Further, their mindset and perceptions regarding business ethics may still be changing because of social factors, social media and the influence of university (Lang et al., 2013)

- The empirical research revealed that there are other cultures’ influences. Their impact on ethical behaviour in business is unknown by the author.

- The interviews were conducted in the capital Taipei, but research in other parts of Taiwan may have generated different results.
• The rigor of qualitative interviews concerns critics the most because due to the limited number of interviewees it is difficult to make general conclusions. Therefore, the author strictly followed the research design and remained unbiased during the data collection and analysis.

• It is very difficult to generalize the findings of this empirical thesis to other settings.
Bibliography


Appendix A

Interview Guideline

Thank you for taking time to participate in this interview.

The collected data will be used for my diploma thesis at JKU Linz. It is about finding out whether and how Westernization and Confucianism influence the perception of ethical business behaviour among Taiwanese business students.

I hope you agree on my intention to recording the interview, however your provided data will be treated confidential and used anonymously. My supervisor and I will be the only ones getting in contact with the recorded data.

1) General Questions

   (1) How would you define ethical business behaviour in your own words?

   (2) What have you studied about business ethics at university so far?

   (3) How would you describe yourself regarding ethical business behaviour?

   (4) Can you think of ethical scandals in Taiwanese business and/or in businesses in the Western World?
2) Ethical Dilemmas

I. Sarwar is a sales person for Fare and Shear, stockbrokers. Sarwar has been instructed to recommend to customers the purchase of Electric Power Company Bonds, because the brokerage firm is carrying a heavy inventory of these bonds. Sarwar does not feel the bonds are a good investment under present circumstances; and is therefore reluctant to recommend them. However, after some thought, Sarwar decides to follow the company directive and recommend the bonds.

- What is your opinion of Sarwar’s actions? Why?
- How important is honesty in business life?

II. Shaquanda, Treasurer of Lloyd Enterprises, is about to retire; and contemplates recommending one of her two assistants for promotion to treasurer. Shaquanda is sure that the recommendation will be accepted, but also knows that the assistant not recommended will find his/her promotion opportunities seriously limited. One of the assistants, Musta, seems most qualified for the new assignment; but the other assistant, Perwiz, is related to the president of Lloyd's biggest customer. Though Shaquanda hates to do it, Shaquanda recommends Perwiz for the job because the relationship with the customer will help Lloyd's business.

- What is your opinion of Shaquanda’s action? Why?
- How important are personal relationships in business?
III. Chuckwell sells "pre-owned" cars for Avila Auto Company. Although Chuckwell feels that the cars sold are reasonably priced, nevertheless in the company’s standard “sales pitch” Chuckwell is forced to match the extravagant claims and sharp tactics of competitors. The Avila Auto Company also engages in such questionable practices as setting back the speedometers, hiding major defects, and putting pressure on prospects to close a deal on their first visit. Chuckwell knows that the company could not survive without such practices. Although Chuckwell disagrees with such practices, nonetheless, Chuckwell reluctantly follows these practices.

- What is your opinion of Chuckwell’s actions? Why?
- How could he have acted to help the company but still don’t have forgotten humanity?

IV. Sabato is a sales representative of Ajax Tool Company. Sabato has been instructed by Maynard, Vice President of Sales, to adopt a sales policy Sabato considers unethical. Maynard and Sabato have discussed the policy at length; and it is apparent Maynard thinks the policy is quite unethical too. Maynard nonetheless, due to the firm’s worsening financial condition, orders Sabato to follow the policy; and Sabato reluctantly does so.

- What is your opinion of Sabato’s actions? Why?
- To what extent should an employee follow the advices of his/her boss?
3) What are the main ideas of Confucianism for you? (Core Values)

(1) What does Confucianism mean to you - if you had to describe it in a few words to someone who does not know about it - what would you say?

(2) Have the ideas of Confucianism been a part of your childhood, e.g. represented in the values of your family?

(3) To what extent would you consider yourself influenced by Confucianism?

(4) How strong is the influence of Confucianism nowadays in Taiwan? Especially in business?

(5) Which ethical values are typical for Taiwanese business? What would you consider as ethical/unethical?

(6) What is your opinion about the importance of guanxi in making business in Taiwan? Why would you consider guanxi ethical or unethical?

(7) How would you describe the concept of face saving in Taiwan? What would you say about its connection to shame?
4) How would you describe the idea of Westernization?

(1) What does Westernization mean to you - if you had to describe it in a few words to someone who does not know about it - what would you say?

(2) To what extent is Taiwan westernized? (Media, Fashion, Language, etc.)

(3) What perception towards Western influence do Taiwanese have?

(4) Which ethical/unethical values would you name as typical Western? Can you give me a real life example?

(5) How big is the Western influence on making business in Taiwan and on business ethics in Taiwanese companies?

5) What is your opinion about the increasing importance of ethical behaviour in Taiwan?

(1) Could you describe this development?

(2) How much credit would you give the Western World for this?

(3) Whether and how is the Taiwanese economy profiting/not profiting from it?

(4) To what extent has the public image and opinion of business ethics changed?
Appendix B

Initial Template

1. Introduction
   1) General description
   2) Personal perception
   3) Ethical scandals

2. Ethical Dilemmas
   1) Honesty
   2) Fairness
   3) Humanity
   4) Loyalty

3. Confucianism
   1) Main ideas
      (1) Childhood influence
      (2) School system
      (3) Presence nowadays
   2) Business relevance
      (1) Typical values
      (2) Guanxi
      (3) Mianzi
4. Westernization
   1) General opinion
   2) Influence on Taiwan
      (1) Extent of influence
      (2) Perception
   3) Business
      (1) Ethical/unethical values
      (2) Influence on Taiwanese companies

5. Ethical Behaviour
   1) Explanation of development
      (1) Role of Western World
      (2) Outcome for economy
   2) Public image of business ethics
Appendix C

Updated Template

1. Confucianism
   1) Main ideas
      (1) General idea
      (2) Childhood influence
      (3) School system
      (4) Presence nowadays
   2) Influence on society
   3) Business relevance
      (1) Typical values
      (2) Guanxi
      (3) Mianzi

2. Westernization
   1) Definition
      (1) Perception
      (2) Influence on society
      (3) Future
   2) Business relevance
      (1) Ethical/unethical values
      (2) Influence on Taiwanese companies
3. Perception of Ethical Behaviour
   1) Definition
      (1) Personal description
      (2) Societal change
   2) Public image of business ethics
   3) Role of government
   4) Ethical scandals
   5) East vs West

4. Ethical dilemmas
   1) Honesty
      (1) Personal description
      (2) Importance
   2) Righteousness
      (1) Personal description
      (2) Importance
   3) Humanity
      (1) Personal description
      (2) Importance
   4) Loyalty
      (1) Personal description
      (2) Importance