Moderator Variables in Cultural Values and Business Ethics Research: Important to External Validity

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Abstract

This paper examines existing models relating national cultural values to individual ethical behavior and proposes the inclusion of demographic moderator variables such as gender, age, work experience, religiosity, and immigration to increase external validity of studies based on the models. Israel is used to illustrate the potential importance of the demographic moderators in studies whose purpose is to characterize national cultural values or national ethical orientations. Moral intensity and ethical perception are also discussed as situational moderators which potentially affect the relationship between ethical intention and ethical behavior.

I. Introduction

The current business environment is global in nature. It is difficult even for small businesses not to have some global aspect in their operations. For many larger businesses, globalization is the current paradigm. Many suppliers, customers, shareholders and other stakeholders to businesses headquartered in one country are located in different countries around the world. Increasingly, businesses which have been successful in their home countries are undertaking to do business in other countries. An understanding of the cultural differences that exist between the home country and the host country is an essential factor in the success or failure of the "exported" enterprise.

A key aspect of culture that differs from country-to-country (culture-to-culture) is ethics as applied to business transactions. While this is still an under-researched area, a number of fairly recent studies have investigated differences in the business environment across cultures including the ethical dimension. Beginning with Hofstede (1983) attempts have been made to characterize national cultural values. Recently, work has been done to link national cultural values to ethical behavior of individual managers (e.g. Robertson & Fadil, 1999; Wines & Napier, 1992). However, many of these studies ignore demographic variables which can potentially confound the study results and which may affect the external validity of the findings thereby limiting their usefulness to business.

One purpose of this paper is to examine existing models which link cultural values and ethical behavior. The study identifies variables which potentially affect the external validity of cross-cultural values and ethics studies. In particular, demographic variables which could affect the relationship between cultural and individual values and ethical intent and behavior are discussed. Finally, the role of situational moderator variables in business ethics research is discussed.

II. Previous Research in Culture and Ethics

Considering the increasing importance of cross-cultural studies of ethics (Schlegemilch et al., 1995; Vitell et al., 1993; Wines et al., 1992), until recently this was an under-researched area. From 1988 until 1992, less than 5% of the empirical papers published in a leading ethics journal, *The Journal of Business Ethics*, were cross-national (Robertson, 1993). Dubinsky et al. (1991) lament the paucity of research in cross-national aspects of business ethics. According to Robertson and Fadil (1999), there is "a need for research in the area of ethical decision making from a cultural perspective." Davis et al. (1998) suggest that uncertainty about the strength of the effect of socio-cultural background on ethical judgments is due in part to the lack of cross-cultural studies in business ethics.

Of the empirical studies that have been conducted, many, while contributing to a theoretical understanding of the ethics dimension of culture, lack sufficient external validity to provide much guidance to international managers. External validity is defined as the extent that the results from a research sample and setting can be generalized to the populations and settings specified in the research hypothesis (Kidder & Judd, 1986). Many studies ignore significant potential threats to external validity. Others conclude with a statement to the effect that the study results should not be extrapolated beyond the study sample. For example, Sower et al. (1998, p. 392) caution "One cannot assume that a sample of the upper division business students from one university in each country adequately represents the population" of those countries.

One of the earliest and most frequently cited studies of cross-national cultural differences was conducted by Hofstede (1983). He characterized national cultures using four dimensions: power distance, uncertainty avoidance, individualism/collectivism, and masculinity/femininity. Notably absent is an ethical dimension of culture. However, Davis et al. (1998, p. 376) suggest that, given "values are a powerful facet of culture…one might expect cultural differences along Hofstede's value dimensions will parallel differences in moral judgements." A potential threat to external validity is that Hofstede's analyses were based on data collected from employees of a single multi-national corporation.

Building on Hofstede's work, Schwartz (1999, 1992) has extensively studied values in a number of regions of the world. Schwartz differentiates between culture-level values and individual values. In Swartz's (1999, p. 25) view, "values are trans-situational criteria or goals…ordered by importance as guiding principles in life." They "guide the way social actors…select actions, evaluate people and events, and explain their actions and evaluations." But he suggests that "the value priorities that characterize a society (can be inferred) by aggregating the value priorities of individuals." He cautions that "National boundaries do not necessarily correspond to the boundaries of…relatively homogeneous societies with a shared culture." Thus care must be taken to insure that the sample of individuals selected for study is representative of the national society to be characterized.

Wines et al. (1992, p. 833) define ethics as "the activity of applying moral precepts to concrete problems." They suggest that while common values may exist in different cultures, they may differ markedly in their application to a specific issue. This can result in differences in ethics across cultures where national values appear to be similar. For example, two cultures may share the cultural value of respect for human life but take widely different positions on the practices of abortion and euthanasia. This makes the study of cross-cultural values and ethics more complicated.
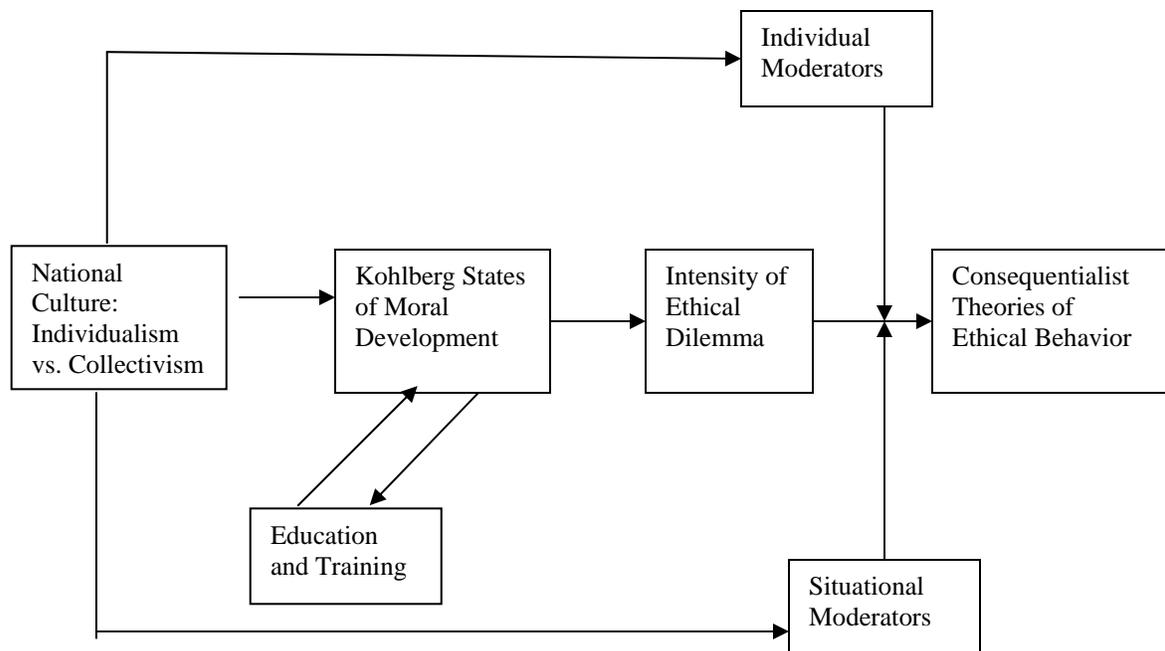
III. Culture-Based Views of Ethical Behavior

Many researchers contend that nationality affects people's perceptions and behaviors. In particular, Dubinsky, et al. (1991) cite a number of studies (Bartels, 1967; Ferrell et al., 1985; Hunt et al., 1986; Wotruba, 1990) that find that different cultures produce different expectations and dissimilar ethical standards. At an individual level, Wines et al. (1992, p. 838) suggest that "practices in the dominant and sub cultures…filter through (the individual manager's) experience and education to arrive at (the manager's) moral code."

Robertson and Fadil (1999) contend that individuals from different cultures view ethical issues differently. They use Kroeber and Kluckhohn's (1952) definition of culture which states that "the essential core of culture consists of traditional ideas and attached values." They utilize Hofstede's (1980, 1984) bipolar individualism/collectivism dimension to characterize culture and posit that differences in this cultural dimension influence ethical decision making.

Figure 1

Culture-Based Consequentialist Model of Ethical Decision Making
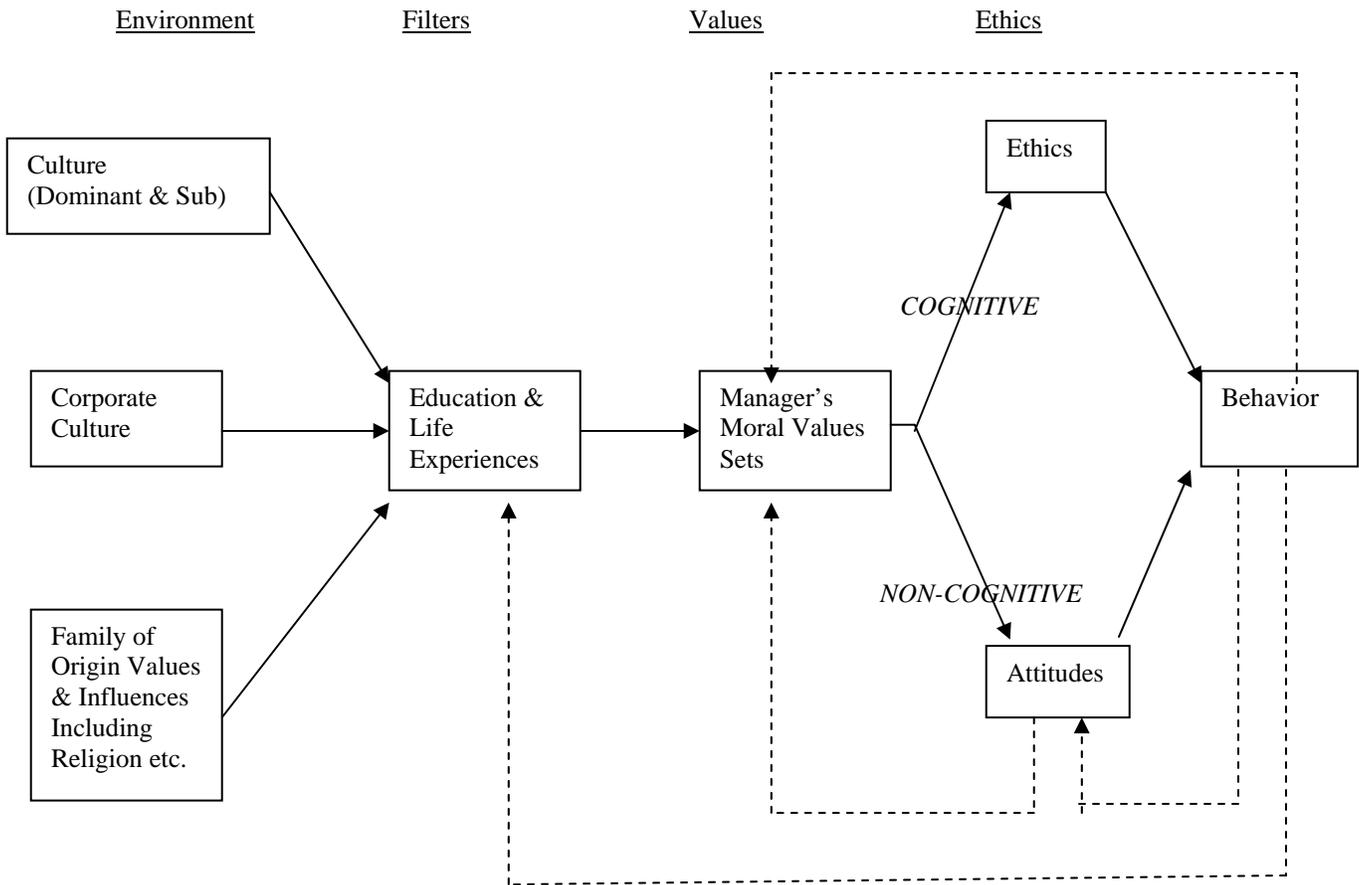(Robertson & Fadil, 1999, p. 386)

Robertson and Fadil's (1999) culture-based consequentialist model of ethical decision making in organizations (see Figure 1) suggests that national culture is the first stage in understanding ethical behavior. The second stage in their model involves the moral development of the individual. They use Kohlberg's (1969) model which characterizes moral development as a sequential process through three levels:

Preconventional, Conventional, and Postconvential. In the preconventional level, the individual is not motivated by societal values but by individual interests. In the conventional level, the individual is guided by cultural values. In the postconventional level, the individual accepts cultural values only if they agree with the moral foundation upon which they are based. Robertson and Fadil (1999) posit that education and training accelerate an individual's progression through these stages of moral development. They also agree with Jones (1991) that the intensity of the ethical dilemma (a situational moderator) with which an individual is faced can influence the individual's ethical decision.

Figure 2

Model of Relationships among Environment, Values, and Individual Ethics
(Wines & Napier, 1992)

Robertson & Fadil (1991), drawing upon the work of Trevino (1988) and Kohlberg & Candee (1984) posit that individual moderators such as ego strength, field dependence, locus of control, altruism, loyalty, and honesty influence an individuals' ethical behavior. Drawing upon the work of Kohlberg (1984) and Schneider and Meyer (1991), they also propose that situational moderators such as the number of crisis

situations an individual confronts and the individual's potential to react effectively in those situations moderate the individual's ethical behavior. Wines and Napier (1992) also propose a micro level model of cross-cultural ethics which encompasses moral values, ethics, culture, individual values, and religion (Figure 2). Based upon Rokeach (1968) and Churchill (1982) they define morals as *prima facia* rules for behavior and ethics as "the activity of applying moral precepts to concrete problems" Wines & Napier, 1992, p. 833). According to the model, individuals filter the practices of the dominant and sub cultures through their individual experience and education to arrive at their moral code which is the basis for ethical behavior. They also suggest that in some cases values reflected through religious affiliation may influence management practice

IV. Demographic Moderators

Empirical studies of cultural values generally measure individual values and then aggregate those into a measure of cultural values. Similarly, cross-cultural ethics studies generally measure individual ethical intent which is aggregated and used to characterize ethical behavior in a culture. The main focus of this study is on the effect of demographic moderator variables on values and ethics studies. If indeed demographic variables moderate the relationship between national cultural values and individual values and between individual cultural values and some measure of national ethical intent then failure to take these variable into account raises questions about the ability to generalize the study results to the national population which the studies attempt to characterize. We propose the addition of demographic moderators to the existing models linking national cultural values with ethical behavior.

Demographic moderators have not been totally ignored in values and ethics studies. For example, Clark et al. (1996) link religiosity, a demographic moderator, to the development of ethical norms that influence ethical behavior. Sethi et al. (1993) use Pope John Paul II's *Centesimus Annus* as a moral framework for economic activity and business conduct. A number of other studies (Franke et al., 1997; Harris, 1990; Mason et al., 1996) link personal characteristics such as age and gender to ethical intentions and behavior.

Most empirical studies attempt to characterize national culture by surveying individuals within that culture. The underlying premise is that the 'law of large numbers' will overcome the individual differences among respondents and allow a characterization of a cultural ethical orientation. Measurements (measures) of a large number of individuals' ethical behaviors (or more commonly, their intended ethical behaviors) are used to define (inferences) the ethical orientation of the national culture. This approach may work well in relatively homogeneous cultures where some of the demographic moderators may be relatively unimportant (e.g. Japan). However, this approach may be less well suited to relatively diverse cultures—melting pots which contain large groups of recent immigrants (e.g. U.S., Israel). In diverse cultures it is vital that empirical studies explicitly account for individual moderators.

Some researchers suggest that "there does not appear to be either a theoretical or an empirical reason to consider the impact of demographic characteristics" and they may simply be "eliminated from further consideration" (Dubinsky, et al., 1991, p. 659). Hofstede (1980) suggests national culture accounts for more differences in work-related issues than demographic moderators such as work experience, gender and age. Most researchers, however, find reason to include demographic characteristics as moderators.

Among the demographic moderators that have been identified by previous studies are gender, age, education, work experience, marital status, race, income, and religiosity. In countries where recent immigrants comprise a significant proportion of the population the demographic moderators of time since immigration and home country may be important. With immigrants, the national culture that helped shape individuals' moral and ethical values often differs from the national culture in which they live (and which is being assessed by the study).

There is significant support for a relationship between national cultural values and individual values and individual ethical intentions and behavior. Kumar et al. (1998, p. 255) state that cultural values are a result of "complex transactions that take place between individuals and their social environment." A number of other studies (Bower, 1973; Hoge et al., 1974; Kirchner et al., 1972; Kumar et al., 1991) also link individual value systems with the social environment. Other studies (Wines et al., 1992; Kroeber et al., 1952; England, 1975) define morals and values as implicit components of national culture. They view ethics as an application of moral values. They further link personal values, and thus personal ethical behavior, with cultural values. Demographic variables which moderate the relationship between national cultural values and individual values could affect individual ethical intention and behavior.

Some Potential Effects of Demographic Moderators

Gender may be a significant moderator variable in cultural values and business ethics. Hofstede (1991) suggests that considering gender as a subculture can help account for differences within countries. Miesing et al. (1985), in a study of students, found that women and students with religious conviction tended to be more ethical than men with little religious conviction. Weeks et al. (1999, p. 310) in an empirical study of U.S. business people, found that "females demonstrate higher ethical judgment than their male counterparts in numerous situations." This is consistent with a study of U.S. students by Kreie et al. (1998) which found that men and women were distinctly different in what they considered to be ethical or unethical. Men were consistently less likely to consider a behavior to be unethical.

The issue of gender effect is not consistent. Weeks, et al. (1999) also analyzed 14 other ethics studies many of which found no gender effect. They concluded that this discrepancy may be due to females becoming more like males in certain business situations (situational moderator), or that there may be other interactions (e.g. gender-age) which were not taken into account. Their study found no significant interaction between gender and career stage and ethical judgment in a sample of U.S. business people. Care must be taken not to simply extrapolate the findings of these U.S. studies to other cultures, Spencer et al. (1999) found that the interaction of gender with ethics was not significantly different in Mexico than in the U.S. One study (Ros et al., 1999) addressed the gender issue by insuring the male/female ratio between the two subsamples was constant. This increases the internal validity but does not necessarily improve external validity of the study beyond the sample under study.

Age has been found to be a significant moderator variable in ethics studies. Hofstede (1991) suggests that differences between generations in a culture might simply be differences attributable to age which repeat themselves from generation to generation. Serwinek (1992) argued that age must be considered in the research design in order for the experiential results to be meaningful. His studies found that as age increases respondents become more ethical. This finding of a positive relationship between age and ethical perceptions is consistent with those of Harris (1990), and Mason et al. (1996). Singhapakdi et al. (1999) argue that this relationship between age and ethical orientation is because older individuals have experienced a greater variety of ethical problems and are more sensitive to the consequences of ethical transgressions than are younger individuals.

Ruegger et al. (1992) confirmed this relationship using students as subjects. This study found that older students differed significantly in their ethical decision making than younger students--older subjects made more ethical decisions than younger subjects. Age effects present potential problems for the many cross-cultural ethics studies which exclusively use students as subjects. Because students would be expected to be younger than the population average, such studies characterize only the ethics and values of the younger subdivision of the national population not necessarily the national population as a whole. Studies, such as some of those by Schwartz (1992) which use subjects of various ages (e.g. students, teachers, factory workers) are likely to result in a better characterization of national culture and national ethical orientation.

Work experience has also been shown to influence ethical judgement. Most researchers examining work experience point out the correlation between work experience and age. Researchers most likely would have to select either age or work experience for inclusion in their statistical model in order to reduce collinearity in the estimation process (Dubinsky, et al., 1991).

Miesing et al. (1985) found a relationship between age and work experience and ethical values of students. The older and more experienced the student, the more ethical they were. Cron (1984), based on theories developed by Super (1957), Erikson (1968), Gould (1978), Schein (1971), and Super et al. (1970), contends that individuals' attitudes toward ethical issues might vary with their career stage. In early career stages, the individual may be more influenced by situational moderators (e.g. pressure from superior to meet performance goals) than someone in a later career stage. In an empirical study, Weeks, et al. (1999) found that some ethical judgments did differ significantly across career stages. Individuals in later career stages showed higher ethical judgments than people in earlier career stages. Ros, et al. (1999, p. 64), in a study of education teachers and students in Spain, found no significant differences in values. The researchers point out, however, that while there is "no evidence that the experience of teaching influenced the importance of basic values…the similarity between education teachers and students may have obscured differences." This study also failed to expressly account for any of the other moderator variables such as gender or age. Schwartz et al. (1995b) point out that in order to assure validity in cross-cultural studies, replications of the analyses with subsamples from the population of interest are crucial.

Religiosity as an influence on values and ethics has been the subject of a number of studies. While Hofstede (1991, p. 16) suggests that "religious affiliation by itself is less culturally relevant than is often assumed," most theorists agree "that religions are likely to influence the value systems of their adherents" (Huismans et al., 1992, p. 237). Clark et al. (1996) concluded that "personal religiousness is a potential source of ethical norms and consequently an influence in ethical evaluations." Huismans et al. (1992, p.

237) define religiosity as the "commitment (of adherents) to whatever religion they profess." Their study found a consistent pattern between religiosity and individual values. Safranski (1986) found that differences in management values were related to religious philosophy. Kim (1988) and Schwartz et al. (1995a) also found a relationship between religious affiliation and values. Huismans (1994), studying data collected from university students and teachers from a number of countries, concluded that religiosity is connected in a specific way to individual values. Kennedy et al. (1996), in a study of U.S. and Ukrainian business students, found that willingness to engage in unethical business behavior was related to lower levels of religiousness. Chick (1997) finds support for the idea that the religious give greater priority to certain values (e.g. peace, love, forgiveness). This is supported by a study by Rokeach (1969) which found that more religious people rank the values of forgiving and helpfulness as more important than less religious respondents.

       Time Since Immigration. Assimilation is the process by which immigrants "adopt the culture of the society in which they have settled. The cultural borrowing is often one sided. The assimilated minority group eventually loses the cultural characteristics that had set it apart." (Moran et al., 1991, p. 46). Evidence for this assimilation process comes from a study by Kumar and Thibodeaux (1998, p. 253). They found that "sustained cross-cultural contacts in another cultural environment (results in a tendency for) the value profile of the individuals to get modified so as to include the values preferred and desired in the new social environment." Their study found that Far Eastern students who had spent an average of 1.46 years in the U.S. were less assimilated than ones who had spent an average of 4.68 years in the U.S. This is consistent with Schwartz's (1999) and Hofstede's (1991) observation that national boundaries are a relatively recent phenomenon that do not necessarily define a single national culture. Recent immigrants who have not yet been assimilated may present a potential confounding effect if they are included as subjects in studies which attempt to characterize a national culture.

       The U.S. and Israel are examples of 'melting pots' which assimilate immigrants from all over the world. In 1996, there were 916,000 legal immigrants and perhaps 275,000 illegal immigrants to the U.S. The predominant regions from where immigrants originated were Mexico, Asia, the Caribbean, and Eastern Europe (U.S. Immigration and naturalization Service, 1996). But using immigration as a percentage of total population, Israel has assumed a leading role as a 'melting pot' country. The cultural diversity of the state of Israel is a good illustration of the importance of explicitly considering individual moderators when attempting to characterize Israel's cultural values or to characterize the ethical behaviors of its citizens.

V. The Case of Israel

       The state of Israel has been characterized as "one of the oldest new societies." It was founded after World War II with roots in the Hebrew Bible, carved out of the nineteenth-century Ottoman empire, and based on "European ideologies of nationalism and ethnic politics" (Goldscheider, 1996, p. 3). While defined as a secular state, religion has been an integral element of its politics. "Israel has integrated millions of Jewish immigrants from an enormous range of diverse countries…and may be characterized by heterogeneity and by intense and continuous change" (Goldscheider, 1996, p. 3). One of the prominent differentiating factors is religion (Sagy et al., 1999). Therefore, it seems

reasonable to expect that the national culture of Israel might be more complex than that of many other countries.

A Demographic Profile of Israel

Israel had a population in 1992 of over 5 million people distributed over an area about the size of New Jersey. Israel's population is relatively young with about 30% of the population under the age of 15 and about 9% above the age of 65. The dominant ethnic-religious population is Jewish (82%) about equally split between Western and Middle Eastern origins. The second largest ethnic-religious population is Arab (Goldscheider, 1996).

Table 1

Immigration to Israel (1979-1983)

| Continent	Total, %
EUROPE	56.7
ASIA	13.2
NORTH AMERICA	11.6
AFRICA	9.7
LATIN AMERICA	8.2
OTHER	0.6

Source: Leshem & Shuval, 1998

Immigration is a major factor in the changing nature of Israel's cultural and political character (Goldscheider, 1992)—see Table 1. For the period 1960-1994, the rate of immigration for Israel per 1000 population was almost 5 times that of the U.S. (11.9 vs. 2.4) (Leshem et al., 1998). As of the 1990 census, 38% of the Jewish population in Israel was foreign born. There have been a number of major streams of immigration to the State of Israel (Goldscheider, 1992). Early in its modern history (1948) refugees from Eastern and Central Europe and the Balkins comprised 85% of the immigrants to Israel. A second stream occurred in the 1950s. In 1951 over 70% of the immigrants were from Asia and North Africa. From 1972 to 1979, 51% of the immigrants came from the Soviet Union. Restrictions on the emigration of Jews from the Soviet Union reduced the flow of Russian immigrants to Israel to just 19% in 1980-1989. From 1989-1991, another influx of Jewish immigration from the former Soviet Union began. Two of these streams dramatically increased the immigration rate as can be seen in Figure 3. Figure 3 also shows the reduction in immigration rate due to the Soviet restrictions on immigration during the 1980-1989 periods. The overall immigration rate is very high considering that the population of Israel in 1992 was just over 5 million.

Despite the dominance of the Jewish religion, the "religious component of Jewish culture…has become increasingly problematic and a source of acute tension in recent generations as a result of the decline of social and cultural homogeneity in Jewish society" (Sagy, et al., 1999, p. 329). Traditionally, Israeli Jews were divided into two

categories for analysis: secular and religious. Estimates of the proportion of Jews in each category varied but tended to center around 80% secular and 20% religious. But Elazar et al. (1998) contend that there are really four categories of Israeli Jews. There are ultra-Orthodox (*haredim*)—8%, religious Zionists (*datiim*)—17%, traditional Jews (*masortiim*)—55%, and secular Jews (*hilonim*)—20%.

Figure 3
Immigration to Israel
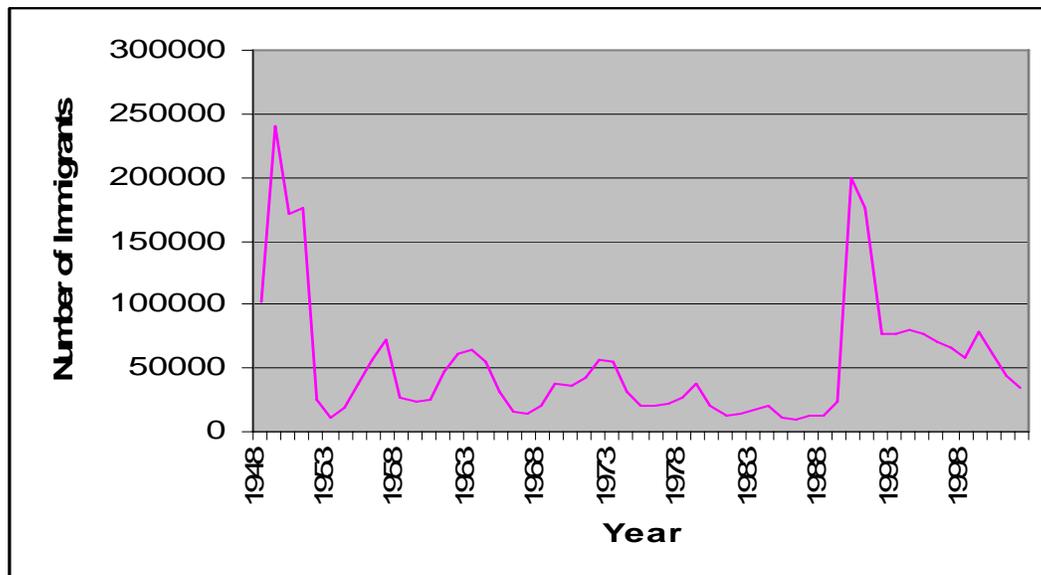
Source: Data from Central Bureau of Statistics, JAFI, *Jerusalem Post* (December 29, 2002) as cited in "*The American-Israeli Cooperative Enterprise*".

The Israeli Arab population, the second most populous category, is also heterogeneous relative to religion, social class, and demographics. In 1990, approximately 78% of the Arab-Israelis were Moslem. The remaining 22% are divided into Arab-Christian and Druze Israelis.

Schwartz (1994) in his studies of cross-cultural values breaks down the Israeli population into four separate population segments: Israel Druze, Israel Muslim Arab, Israel Christian Arab, Israel Jews and finds that there are differences in values among the segments.

Studies which attempt to characterize the cultural values or national ethical orientation of Israel should explicitly account for the cultural diversity of the population as well as for the individual moderators. At a minimum, such studies should assess religion using seven categories: Jewish, ultra-Orthodox; Jewish, religious Zionist; Jewish, traditional; Jewish, secular; Arab, Moslem; Arab, Christian; and Druze. In addition, the effect of immigration, length of time since immigration, and country of origin should also be explicit parts of the study. Only by accounting for these variables can a study have sufficient external validity to claim to characterize the cultural values and national ethic of a country so diverse as Israel. Thus studies which attempt to characterize the cultural values or ethical orientation of Israel must collect sufficient socio-demographic data to control for the individual moderator variables.

VI. Situational Moderators

Practical realities, stress, and pressures to meet performance standards can create situations which cause individuals to exhibit behaviors that are in conflict with their personal ethical standards. Empirical support for this position is found in studies by Dolecheck et al. (1987) and McDonald et al. (1988) who found that a majority of managers in Hong Kong felt they sometimes had to compromise their personal ethical principles to conform to the norms of their organizations. Monappa (1977) found that managers in India were frequently induced by work related pressures to take actions which were in conflict with their personal codes of ethics. Dolecheck et al. (1987) also found that a significant minority (41%) of managers surveyed in the United States responded to work related pressures by taking actions in conflict with their personal ethical beliefs. These findings could have a profound impact on cross-cultural ethical studies which measure ethical intent rather than ethical behavior.

The process by which individuals manifest what they believe is right (ethical intention) to ethical behavior has been the subject of considerable previous research. Karande et al. (2000) summarize much of this research and identify three important variables in the ethical decision-making process: perceived moral intensity, ethical perception, and ethical intention. Perceived moral intention and ethical perception can be conceived of as situational moderators in our model.

Perceived moral intensity refers to the idea that "one's perception, evaluation, and response to a moral issue stem from characteristics of the issue itself." (Davis et al., 1998, p. 374). Moral intensity is postulated by Jones (1991) as being a multidimensional construct comprised of: magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity, and concentration of effect. Singhapakdi, et al. (1996) through factor analysis distilled these into two main factors: Actual Harm Done to the Victim and Social Pressure. McDonald et al. (1988) found that Hong Kong managers tended to view "victimless" unethical acts (e.g. obtaining trade secrets from competitors) as ethical while viewing unethical acts against one's company or peers as unethical. Moral intensity and its effect on ethical intentions can vary depending upon the type of ethical issue and the values of the culture (Davis, et al., 1998). This can lead to widely different ethical perceptions across cultures. Wines et al (1992) observation that while common values may exist in different cultures, they may differ markedly in their application to a specific issue. For example, individuals in different cultures may share the cultural value of respect for human life but take widely different positions on the practices of abortion and euthanasia.

Ethical perception "is the degree to which an individual perceives that there is an ethical problem involved in an action, and varies across actions and situation." (Karande et al., 2000, p. 41). Using the previous example, individuals in cultures where bribery is considered to be part of normal business dealings would not perceive bribery as a violation of the cultural value of honesty while individuals in a different culture may perceive bribery as a serious ethical problem. Ethical perception drives the ethical decision making process (Hunt et al., 1993). Davis, et al. (1998) suggests that Hofstede's (1983) framework of work-related value dimensions provide insight into socio-cultural effects on ethical perceptions. Changes in ethical perception are postulated to parallel changes in Hofstede's dimensions.

VII. SIMPLIFIED CULTURE-BASED RESEARCH MODEL

Figure 4
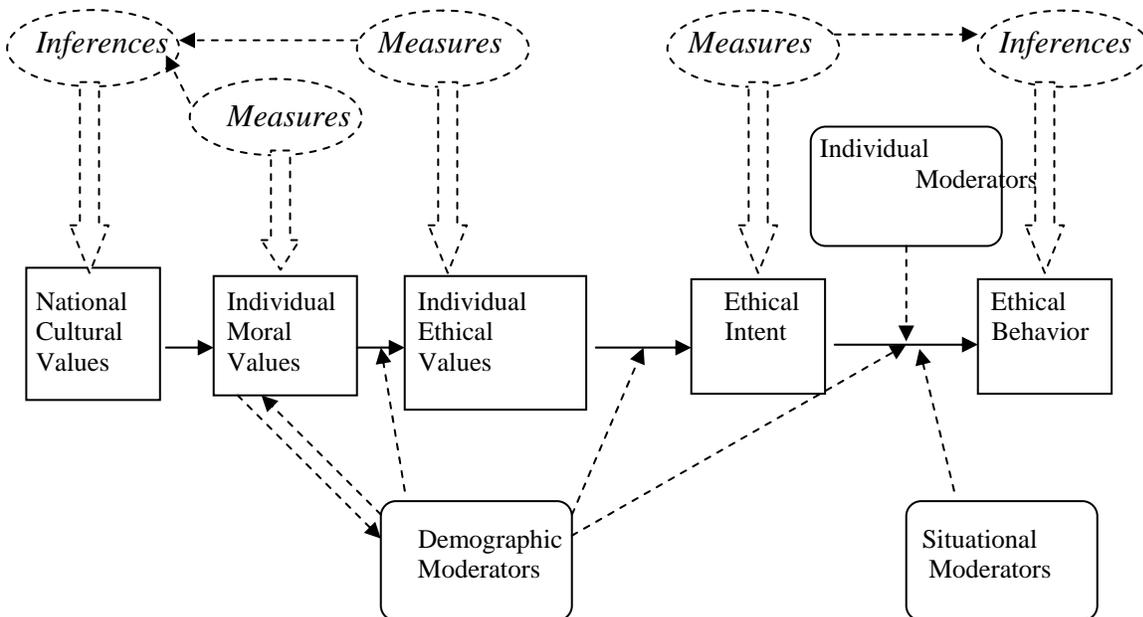**A simplified culture-based research model of ethical behavior**

Figure 4 depicts a simplified research model linking cultural values with ethical behavior. As the model shows, most cross-cultural values research measures individual values which are aggregated in some way to represent national cultural values. As discussed, demographic variables can moderate this relationship and should be expressly included in such studies. From a research standpoint, these demographic variables are easy to measure. In contrast, the individual moderator variables proposed by Robertson & Fadil (1999, p. 386), while perhaps very important, are much more difficult to measure. Figure 4 also suggests that it may be an oversimplification to equate ethical intent with ethical behavior. To more accurately characterize a culture's patterns of ethical behavior, situational and demographic moderator variables should be included in the measures.

VIII. Conclusion

This paper has proposed inclusion of demographic and situational moderator variables in models relating national cultural values and ethical behavior. Based on a review of previous studies in cross-cultural ethics and values, the paper concludes that these moderator variables must be included in such studies in order to insure the external validity of the conclusions. Israel is proposed as an example of the extreme levels of diversity that can exist within a country. Failure to properly control for this diversity can seriously impact the external validity of studies which attempt to study cultural values and ethics. Any such studies should explicitly account for the demographic moderators identified in this study to ensure the validity of the comparisons. Because situational moderators can have a profound effect on actual ethical behavior, care should be taken not to simply extrapolate ethical behaviors from which measure ethical intentions without taking situational moderators into account.

The question remains as to the most appropriate way to re-aggregate the results for the various sub-samples in order to characterize a set of national cultural values or national ethical orientation. Since the objective of many cross-cultural studies of ethics and values is to infer a set of national cultural values or ethical orientation based upon the measurement of a large number of individual ethical behaviors or intentions (see Figures 1 and 2), this is a critical issue. A balance must be struck between succinctly representing national values and ethics while effectively reflecting the diversity that exists within the national culture.

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