

# **Influence of Values Influence on Construction of Utilitarian Ethical Work Climate: Sri Lankan Entrepreneurs' Perspectives**

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## **Introduction**

The notion of entrepreneurship is viewed in a positive light as being a beacon of stability and certainty in a world plagued with uncertainty and instability. They are expected to sustain their respective societies by generating employment opportunities, fueling innovations, fostering development, demarcating a cogent social gradation. Hence, fundamentally, entrepreneurs bear the difficult task of making the world a better place to live.

Both classical economist like Adam Smith and neo-classical economist like Milton Friedan were of the opinion that the business was a mainly profit making unit and that ethics and morality were not of part of business conduct. In contrast, in 1963, Peter F. Drucker highlighted that there is a strong relationship between business and society and also business has a moral obligation to contribute to social development. Values are viewed as motivating individual to act (Roe, 1999) and they dictate individual assumptions on what is right and what is wrong. Longnecker et al (1988) also pointed out that entrepreneurial ethics is embedded within the main characteristics of an entrepreneur. In 1988, the concept of ethical climate was pioneered by Victor and Cullen (1988).

According to them, ethical climate is "shared perceptions of what ethically correct behavior is and how ethical issues should be handled". Furthermore, Victor and Cullen grouped moral judgment and moral philosophy into three major classes of ethical theory. : Egoism, benevolence (Utilitarianism) and principle.

(Deontology). However, an egoistic individual tries to enhance his/her physical, mental or emotional wellbeing. Jeremy Bentham pointed out that the humans were ruled by two principles-pleasure and pain, and these are the only intrinsic values in the world. Based on this rule of utility that identifies *good* as what brings the greatest happiness to the greatest number of people. The principle of deontology is where the rightness or wrongness of an action does not depend on its consequences, but rather on its intrinsic goodness. Deontologists believe that rules are the basis of morality.

### **Problem Statement**

In present context, businesses must operate and align with two dimensions: achieving organizational wellbeing and social wellbeing. Within this struggle, values of entrepreneurs have become the most crucial determinant that dictate the ethical commitment of an organization towards the social wellbeing. The purpose of this paper is to address the following research problem:

Do values of entrepreneurs influence ethical work climate and management practices in Sri Lanka?

### **Objective of the Study**

The objective of this study is to examine how human values influence the construction of a utilitarian ethical work climate and management practices in Sri Lankan business context.

### **Methodology**

The main focus of the study is indigenous entrepreneurial community in Sri Lanka. A sample of 50 entrepreneurs was used in the study. To demonstrate the contextual reality of the study both positivistic and interpretivist paradigms were incorporated<sup>7</sup>. To achieve intended results of the study mixed methods in pragmatic paradigm were employed. A questionnaire was used to collect quantitative data and in-depth interviews were conducted to understand deep rooted contextual realities of the existing practice of business behavior. SPSS 16 was used to analyze the data and identify the inherent relationships found between different variables.

## Results and Discussion

According to the quantitative data analysis, "r" value and "P" values indicate a weak positive correlation and insignificant relationship between individual specific values of an entrepreneur and utilitarian ethical climate type ( $r = .228$ ,  $p = .527$ ,  $p > .05$ ). Other two value constructs also (entrepreneurial value construct ( $r = .156$ ,  $p = .844$ ,  $p > .05$ ) and organizational value construct ( $r = .142$ ,  $p = .985$ ,  $p > .05$ )) indicated a weak positive level correlation and insignificant relationships with utilitarian ethical climate type in Sri Lankan context. Adjusted  $R^2$  for the model explained the variance in utilitarian ethical climate is not explained by value of an entrepreneur in Sri Lankan context.

However, qualitative data did not indicate a positive or significant relationship between individual specific values of an entrepreneur and utilitarian ethical climate type although they correspond with quantitative analysis in other regards. Since only a weak positive correlation and insignificant relationship between individual specific values of an entrepreneur and utilitarian ethical climate type was discovered in the quantitative analysis it does not warrant a significant deviation from the findings of the qualitative analysis.

The results of the analysis reveal that the values of Sri Lankan entrepreneurs do not contribute to the creation of utilitarian ethical work climates. The existence of a weak positive correlation and insignificant relationship between values of an entrepreneur and utilitarian ethical climate in the quantitative analysis is the result of the restrictive nature of the questionnaire. The questionnaire compels the respondents to decide on whether they adhere to a certain set of values in their abstract form without considering the contextual, temporal and incidental implications of the actual practice of those values. As result of this limitation, some respondents tend to respond to questionnaires with an idealized version of values which hardly reflect practical application. This was identified as the reason for the weak positive correlation and insignificant relationship between values of an entrepreneur and utilitarian ethical climate in the quantitative analysis.

## Conclusion

According to the findings of the analysis, practice of values among Sri Lankan entrepreneurs indicates a relativist approach to values. Their ethical decisions are characterized by the contextual, incidental, individual and temporal considerations. Hence, values play a role of differing significance in making those decisions depending on the related considerations.

On the other hand, findings of the quantitative analysis indicate that generally entrepreneurs are motivated to maximize the organizational wellbeing through increasing profits and efficiency rather than promoting social wellbeing. Within such a context, the construction of utilitarian ethical work climates is a distant reality.

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