Religious perspectives on business: Effects on ethical operation and charitable giving

An analysis of small, third-world enterprises

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Master thesis in Marketing and Industrial Economics

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Abstract

This study examines the effects of three religious perspectives on business (RPB) on the ethical operation and charitable giving of third-world business entrepreneurs. The study finds that business entrepreneurs who perceive their business as a calling and holy duty are more ethical in the operation of their business. Carrying reward- or fatalistic attitudes towards business have, on the other hand, no significant effects on ethical operation. For charitable giving all three perspectives demonstrate negative significant effects. However, commitment to the duty and calling orientation together with more business experience or education brings about positive and significant effects on charitable giving. The results indicate that the view of doing sacred work should be stimulated in the Third World in order to increase the number of ethically-operated enterprises taking economic responsibility for people in need. Theoretical- and managerial implications are provided.
Preface

This master thesis is an independent exposition and indicates the end of the five-year master program at the Norwegian School of Economics and Business Administration (NHH). The study is part of the research project of Professor Magne Supphellen at NHH on how religious beliefs and values influence third-world business entrepreneurs in how they operate their enterprises. The research project has been conducted in the slums of Nairobi, Kenya, in cooperation with the Hauge Institute, Noracta and All Clergy’s Network (ACN).

I am very thankful to be given the opportunity to write about this subject. The idea of studying the effects of religious beliefs in third-world business operation excited me immediately, and it has unquestionably been a long and educational journey. At times it has been challenging. The theory felt overwhelming before I realized that I could not embrace the whole world in my thesis and provide all the answers, just some. The research subject has, however, given me motivation throughout the process to finally finish.

First of all, I wish to thank my supervisor, Professor Magne Supphellen, for your countless feedbacks and advices, for flexibility and statistical help, for valuable conversations beyond the frames of the thesis, and for your enthusiasm for the research field which has affected me greatly.

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The end has come. It is time to let go of the fifty kilo rock that has resided in my stomach for the last months. I welcome weekends and afternoons off. No more guilt feelings for not studying. No more wakeful nights musing about the following day’s chores. The time has come to say: Hallelujah, I made it!

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1. INTRODUCTION

1.1 Background

“Whatever you do, work at it with all your heart, as working for the Lord, not for men” (NIV Bible, Colossians 3:23).

Does religion matter for economic outcomes? Are religious individuals likely to become affected by Biblical passages such as the one above when doing business? And how does religion apply to a third-world business context?

Considerable work has been done to measuring the effects of religious beliefs; however, little is understood about its influence on business activity and performance. In the Third World particularly we lack knowledge about how poor small-scale business entrepreneurs are affected by religious beliefs in the operation of their business. Since religious teachings identify moral guidelines applicable to business management, there is reason to believe that religion will have an effect on individuals in business (Longenecker, McKinney, & Moore, 2004).

This view was supported by Weber (1973 [1920]) who set forth the Protestant work ethic that arose after the Reformation to be an important causal factor for developing the modern capitalism. The Protestant beliefs involved perceiving work as a duty and a calling from God. This brought about unintended effects in evolving an ascetic and rational lifestyle, which in turn contributed to wealth accumulation among Protestant business entrepreneurs. With Weber’s hypothesis as a reference point, it is of interest to examine the effects of religious beliefs on business nowadays, yet in the Third World, where we know that religion plays an essential role in everyday life.

Supphellen, Haugland, and Oklevik (2010) have given attention to this area. They used a framework of religious perspectives on business for intercepting the religious attitudes held by third-world entrepreneurs. Their results revealed that viewing business as a holy duty and a calling was essential for entrepreneurial self-efficacy, which in turn led to positive effects on entrepreneurial orientation, and further, on return on sales. Hence, duty and calling oriented entrepreneurs perform better than others, because they perceive work as sanctified
and feel a moral duty to use their God-given talents and abilities in business. This lends support to the prevalence of Weber’s hypothesis also in our time.

The findings furthermore indicate that religious attitudes towards business matter for the outcome of a business. Type of attitude could therefore affect several aspects of third-world business operation. Ethical- and social concerns are of particular interest as they are heavily emphasized in religious precepts. Additionally, attention to the ethical aspect should be given, because societies in growth often become branded by cynicism and egoism. Access to more resources among a population unfortunately induces destructive side effects such as corruption. If the contemporary Third World is to have a possibility of overcoming poverty, corruption is one of the current obstacles that needs to be end. Exploring ethical attitudes of poor business entrepreneurs can therefore assist in attempting to counteract these side effects that follow prosperity and development.

The social dimension of ethical behaviour is equally important. In the developed world there has been an increased focus towards the need for businesses to take social- and economic responsibility in the community where they operate. This should also be stressed in poor areas. Strengthening the entrepreneurs’ ability to care economically for people who are worse-off than oneself – beyond their families and relatives – can reduce selfishness and greed among a population, which may help diminish corruption as the society experiences growth.

This study will take these aspects into consideration by investigating the ethical operation and charitable giving of third-world business entrepreneurs in Kenya. The study is a follow-up to the study of Supphellen, Haugland, and Oklevik (2010) and will similarly apply the religious perspectives on business (RPB) to examine how religious attitudes influence business operation in the Third World.

1.2 Research question

The RPB framework consists of three religious perspectives on business based on the Christian Protestant faith. First, duty and calling orientation relates to perceiving business as a holy duty and a vocation from God. Second, the reactive orientation views financial
rewards in business to be a consequence of strong religious belief and active religious involvement. Third is the *fatalistic orientation*, which leaves the future, including the business, to the power of God.

The study seeks to examine how religious attitudes towards business, as engendered from the RPB framework, influence ethical- and charitable behaviour of third-world business entrepreneurs. From this follows the research questions of the paper:

*What is the relationship, if any, between RPB and a) ethical operation, and b) charitable giving of small third-world enterprises?*

The aim is to clarify the coherence between the above-mentioned variables and establish the relationships that may exist.

### 1.3 Contribution

The objective of this study is to contribute to the present discussion on development and poverty alleviation in the Third World. Over the last ten years, access to capital for business entrepreneurs through micro credit loans has been considered the exalted solution for eradicating world poverty. Frequent bankruptcies and few assurgent enterprises have, however, indicated that capital may not be enough for third-world entrepreneurs to succeed with their business. Increased attention should therefore be given to studying the management of these enterprises and, more specifically, determining business skills that are critical for success.

In this context, religion is a cultural aspect that may prove an important influence on third-world business activity. The use of RPB allows insight into different religious attitudes towards business, instead of measuring strength of religiousness which has been common in prior research. By establishing any of the RPB to be essential for improved ethical- and charitable behaviour of third-world entrepreneurs, a replication of these attitudes in other poor areas should be pursued. This study therefore assists both foreign aid organisations in where they should invest their resources and third-world business owners, who ought to promote the way of thinking among their employees that benefits their business.
1.4 Structure

The paper is organised in five main parts, including the introduction. The second part encompasses the theoretical foundation of the study, where the background and a review of the research field, religion and business, are provided in the first sections. Moreover, the relationship is applied to the African context, involving a description of the RPB framework and an account of the state of ethics in African business life. A model and hypotheses are developed based on the presented theory.

Chapter three provides the methodology of the study and thus illuminates the underlying suppositions of the research analysis. This relates to the research object and design, descriptions of how the respondents were recruited and how the data was collected. Measures of the variables also are provided, in addition to information about the data analysis.

Part four reports the results of the study, including characteristics of the final sample and the variables, reliability of the measures, correlations, and the results related to both the hypotheses and the additional analyses.

The fifth chapter gives the discussion of the paper. This involves the theoretical- and managerial implications of the results, in addition to survey limitations, validity of the findings, and proposals of new directions for future study.
2. REVIEW AND HYPOTHESES

The following chapter provides the theoretical foundation of the research question in study. First, the proposed model of the paper is presented, which forms the outline of the theory chapter. Next, religion’s influence on outcomes of human life is discussed in the second section. Third, the background of the research field is offered, including both historical accounts back to Weber’s thesis and an introduction to the field of business ethics. The fourth section gives a review of the research and writing in the field of religion and business, involving theoretical models, empirical research, and commonly used constructs for measuring ethicality and religiousness. Fifth, charitable giving is addressed as an important ethical aspect of business activity. The sixth section takes the African context into consideration. The RPB framework is here supported and described, in addition to considering the ethical standards in African business life. The seventh section develops four hypotheses based on the presented theory, and the eight, and final, section provides the control variables of the study.

2.1 Model

The model below exhibits the proposed relationships of the study. It is hypothesized a significant connection between RPB and a) ethical operation, and b) charitable giving of small third-world enterprises, under the influence of several control variables. The following sections will provide theoretical evidence for these coherences to be plausible assumptions.
2.2 Religion’s influence on self-control and self-regulation

Religion is likely to affect the outcomes of individual human lives, but more specifically, how? McCullough and Willoughby’s (2009) central thought is that religion is associated with higher self-control and better self-regulation. Based on earlier research which indicates that religious people seem to live longer, experience less depression, avoid problems with sex, drugs, and the police, perform better in school, have more stable marriages, and more frequently visit their dentist, the authors seek a possible explanation of this in the empirical evidences concerning self-control and self-regulation. They utilize Carver and Scheier’s model of self-regulation as a framework for their research review and propositions. This section will therefore employ McCullough and Willoughby’s analysis as a starting point for addressing religion’s influence on the mind set and behaviour of an individual, before moving on to see how this applies to a business context.

McCullough and Willoughby ascertain that self-control and self-regulation are connected to many of the above-mentioned outcomes of human life, whereas self-control is defined in terms of restraining one goal to pursue another one that is considered to have greater long-term utility (p. 72), and self-regulation as how individuals instruct or modify their behaviour in aspiration for another wanted outcome or goal. The possible influences of religion on these two psychological factors are recapitulated in six propositions leading to five conclusions, which will be presented in the subsequent paragraphs.

The first proposition claims that religiousness can promote self-control through some forms of religious beliefs, conduct, and participation. Strong evidence is provided for this relationship, by which research shows that: first, people scoring high on self-control measures also tend to be more religious, second, religious parents raise children with high self-control and low impulsiveness, third, religiousness and certain personality traits including self-control are causally connected, and lastly, one experiment proposes that religious cognition is transformed into a sort of self-control when individuals encounter situations of enticement.

Second, McCullough and Willoughby propose that religion influences self-regulation by influencing people’s goals. They find support for this proposition through studies reporting that: 1) religious beliefs may help people prioritize their goals, 2) religion may enhance the
importance of some goals by sanctifying them, 3) religion may reduce conflict among goals, and 4) religion may influence how goals are internalized (p. 77). Concerning the second point, specifically, the studies indicate that sanctified goals appear to generate more commitment, self-efficacy, and persistence than non-sanctified goals. Regarding the fourth point, the authors refer to the study of Ryan, Rigby, and King (1993), which suggested that goals can be internalized through either identification, by which a goal is compelling and feels personally chosen, or through introjection, where feelings of guilt and anxiety induce the internalization and thus make the goal feel less self-determined. The former is related to higher self-esteem, greater personality integration, higher self-actualization, and lower scores on measures of anxiety, depression, somatisation, and social dysfunction, while the latter indicates opposite results on the same variables.

The third proposition suggests that religion influences self-regulation by promoting self-monitoring. The idea is that religious individuals might have a perception of being watched by God, their church community, or themselves, which makes them compare their conduct to a standard or role model. This perception of being monitored, according to Carver and Scheier (1998), can increase self-awareness, which again can help adjust one’s behaviour in compliance with these superior religious standards. However, the limited research available indicates mixed findings on this relationship, requiring more research to confirm this coherence.

Fourth, they propose religion to influence self-regulation by building self-regulatory strength. Some religious activities, such as fasting, praying, alms giving, reading scriptures and so on, may call for self-regulatory strength. Additionally, religious congregations are by some studies viewed as high-constraint settings, leading McCullough and Willoughby (2009) to suggest that being part of this environment may motivate the adherents to self-regulate, as deviation from the desired behaviour may involve sanctions from the community. The evidence for this proposition is currently thin. However, they suggest a relationship in anticipation of more research.

Fifth, there is evidence supporting (four of five studies) the proposition that religion affects health, well-being, and social behaviour through self-control and self-regulation.
Altogether, McCullough and Willoughby (2009) show that research supports the idea that religion may influence the self-control and self-regulation of an individual, and lead to impacts on health, well-being, and social behaviour for the member of that religion. Their analysis provides a foundation for this paper to better understand how religion is likely to affect behaviour and outcomes of human lives before moving on to see how this applies to a business environment.

2.3 Background of the research field: Religion and business

In order to obtain a more comprehensive view of the relationship between religion and business, it is necessary to address historical events concerning the topic. Drawing parallels between historical and present conditions are useful for the research subject. First, with Weber’s prominence, the historical roots of the field are provided, relating to how business entrepreneurs traditionally were impacted by their religious beliefs. Second, an introduction to the field of business ethics is offered, which discusses the differing views of theologians and philosophers concerning which precepts the field should be founded on.

2.3.1 Historical roots

The German sociologist Max Weber was the first to call attention to the important role that religion plays when it comes to social change (Guiso, Sapienza, & Zingales, 2003). In his famous writing *The Protestant Ethic and the Spirit of Capitalism*, Weber (1973 [1920]) provided arguments for religion to be an important causal factor in the historical revolution which resulted in a profound rationalisation of the North-European society in the eighteenth century. Since the Protestant countries experienced stronger economic progress than Catholic countries, Weber sought an explanation of this phenomenon in the inner peculiarity of the Protestant beliefs. He referred to the religious breakthrough of the sixteenth century, the Reformation, and the particular Protestant ethic that arose within Calvinism and Protestant denominations in the end of the sixteenth and beginning of the seventeenth century (Weber, 1973 [1920]).
Weber distinguished between two beliefs which he regarded as essential for the development of the Protestant ethic: 1) Luther’s concept of calling, and 2) Calvin’s notion of predestination.

The idea of calling was first appointed by Luther (approx. 1520-1530, cited by Weber, 1973 [1920]) who emphasized fulfilment of duties in worldly affairs to be God’s will and the only possible way of pleasing God (p. 47). A man was to accept the calling given him from God by indulging to it and carry out what he was stationed to do. Luther based his teachings on Biblical scriptures, e.g. 1.Corinthians 7:24 says, “Brothers, each man, as responsible to God, should remain in the situation God called him to” (NIV Bible). Further, as pictured in Proverbs 22:29, “Do you see a man skilled in his work? He will serve before kings; he will not serve before obscure men” (NIV Bible). Colossians 3:23 declares, “Whatever you do, work at it with all your heart, as working for the Lord, not for men” (NIV Bible). In order to fulfil their calling, Lutherans had to be diligent and hard-working, and they were encouraged to stand the strain and not surrender as long as they operated within the calling of God.

Second, Weber appointed the Calvinistic thought of predestination as crucial for the evolvement of the Protestant ethic. The Calvinists believed that God, before the world existed, had chosen those who were to be justified for salvation (Weber, 1973 [1920]). In this sense, there was no deed or work or anything that the people could do in order to reach the status of salvation. God had already made his choice, and those who were selected were to be God’s invisible church on earth (p. 66). However, the uncertainty of not knowing whether one was chosen or not became an anxiety for people, and success in business life was therefore seen as a sign of being destined for salvation. Consequently, Weber saw this endeavour for signs as motivation for people engaging in business activity in which they ultimately could get the assertion of grace.

Hence, according to Weber, the Protestant ethic posture mainly arose as a result of the followers’ inherent perception of being called by God to do business, in addition to their desire to be assured of salvation through prosperity. However, the accumulated wealth was not to be pursued or consumed for one’s own good, because all earthly work served as a “glorification of God and only that” (p. 65). The Puritan thought of an ascetic life style therefore became important by encouraging thrift and good stewardship of the wealth.
Believers should not be distracted by a prosperous life and, thus, remove attention from God. The Bible says, “No servant can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and Money” (NIV Bible, Luke 16:13). The Protestants were therefore strongly affected by the demand of not loosing themselves in material pursuits and rationed their time and money wisely.

Moreover, this view made individualism characteristic for the Protestants, as every individual were to uphold their own calling and take personal responsibility for working, saving, giving, and rationing time (Goldstein & Eichhorn, 1961). After all, one could not be dependent on anybody else in the matter of salvation.

The view of Weber provided arguments for the Protestant ethic to be one important factor of giving rise to the Western capitalism. This particular spirit of capitalism consisted of a systematic and continuous work style, where wasting time was considered morally reprehensible since every hour lost was taken from one’s time to serve God’s glory (p. 98). Reluctance to work was regarded a symptom of not being destined for salvation (p. 98), and teachings like “work hard in your calling” (Baxter, approx. 1650, cited by Weber, 1973 [1920], p. 98) were prevalent of the time. Through engendering this spirit, capitalism brought unintended effects because, as Weber declared, the aspiration for materialistic pursuits that arose was probably not the intention from the beginning.

Nevertheless, Weber’s hypothesis was subjected to relentless criticism by several of his colleagues and others. In the introduction of the 1973 edition, Egil Fivelsdal brought up this discussion and denoted the most important critical contributions. Particularly theologians and historians claimed that Weber’s argumentation was overly general, since it rested on source material that was both one-sided and wrongly interpreted (p. XVI). Additionally, they asserted that he had ignored important historical events which had incited the economic expansion in the North of Europe in the sixteenth and seventeenth century. To his defence, Weber emphasized that he had only observed one causal connection and that he by no means declared the capitalistic spirit to be an isolated result of the Reformation. His thesis did not, therefore, preclude the influences of other social factors.
Even so, Weber upheld his view that religion was an essential causal factor for engendering a specific attitude or economic behaviour that contributed to an ascetic lifestyle, and by that lead to prosperous business entrepreneurs. The positive effects can, however, not be regarded to prevail solely in Protestant Calvinist environments. Duty ethics and the idea of calling in business are evoked by several religions, making it possible to find similar effects across cultures and religious groups (Supphellen, Haugland, & Oklevik, 2010). Overall, historical events suggest that religion may be an important determinant for economic outcomes.

2.3.2 The field of business ethics

Ethics in business has been subject to attention ever since the early rise of business, but business ethics as a research field has only been present since its emergence in the 1970s (De George, 1987). The field grew from being only a matter of theologians’ interest into becoming an interdisciplinary field involving both philosophers and professors of management as well.

Generally, the field of business ethics is separated in two realms: normative ethics and descriptive (or empirical) ethics. The former is largely rooted in philosophy and theology and instructs individuals on how they ought to behave, and the latter resides mainly in the area of management and business and involves explaining and predicting the actual behaviour of the individual (e.g., Treviño & Weaver, 1994, cited by O’Fallon & Butterfield, 2005). More specifically, according to De George (1987), theologians seek to apply religious ethics to business, professors of business wish to evolve innovative managerial structures to prevent certain ethical issues from emerging, and philosophers are interested in theoretical questions based on ethical grounds, or in clarifying meanings. Empirical ethics is then concerned with research results to bring about knowledge about individual behaviour and will therefore be treated in the research review of this chapter, section 2.4.2. The normative ethics will be discussed below.

Regarding the normative ethics, the debate has centred on philosophers and theologians arguing who is more justified to make statements and contributions to the field, and on which basis ethics should be built upon. Many philosophers state that there is only one ethics. For instance, De George (1986) uttered, “There is not a Christian ethics, a Jewish
ethics, a Moslem ethics, a secular ethics, and so on. Ethics is universal. What is right is right for all; what is wrong is wrong for all” (p. 430). Hence, several philosophers do not see the need of involving religion in business ethics, as moral decisions ultimately depend on human reason.

On the contrary, the Protestant theologian James Gustafson (1975, cited by De George, 1986, p. 430) declared that ethics not only can be Christian, but that the ethics of Christians must be Christian. He claimed this was because of religion’s ability to provide, 1) the reason for behaving morally, 2) the character of the moral agent, and 3) the points of reference utilized to determine behaviour. His view has been supported by several theologians, e.g. Williams (1986) who stated that business ethics should be theological, “It not only can be but it should be – for the sake of those many persons who attend churches and who are seeking guidance in understanding their business lives in light of their religious convictions” (p. 473).

Further, Camenisch (1986) and Rossouw (1994), among others, emphasized a comprehensive Christian understanding of reality as guiding the moral life. Christian ethics should not be regarded as a morality in the sense that it offers a set of isolated moral rules and principles; however, an interpretation of all life being descended from God is the core of the Christian ethics (Rossouw, 1994). Hence, the life stories of Jesus and God’s people serve as a contribution towards the greater apprehension of the world, and Rossouw (1994) pointed out that behaving in accordance with the Christian ethics is therefore a consequence of seeing the world through the eyes of a believer.

Nevertheless, the philosophical and theological approach to business ethics does not necessarily rule out one another. As argued by Calkins (2000), “The religious ethic proposes that faith works in harmony with human reason to pursue the ideals of love and service of others” (p. 347). This suggests that there is a role for both religion and philosophy in business ethics. However, in accordance with the research question this paper will focus on the role of religion in business activity.
2.4 Review of the research field: Religion and business

A review of the literature and research that have been executed in the field is offered in the following section. In general, the field has gained limited attention from researchers. According to Ibrahim, Howard, and Angelidis (2008) there have been four streams of research and writing in the area of religion and management. The first stream has focused on developing theoretical models of ethical judgment that take into account the effect of religion. The second research stream has dealt with conducting empirical research to investigate the relationship between religiousness and individual ethical attitudes or behaviour. Third, research has been concerned with constructing measures of ethicality. Finally, the fourth stream has given attention to the constructs of religiousness. This division represents the structure of the following sections.

2.4.1 Theoretical models of ethical decision-making

There have been few theoretical approaches for assessing religion’s influence on ethical behaviour in organisations. Of them, Hunt and Vitell (1986, 1993, cited by Hunt & Vitell, 2006) offered a general theory of marketing ethics, in which religion was alleged to affect an individual through being part of the cultural environment, in addition to representing a personal characteristic. More attention has been given to models focusing merely on the ethical decision-making process. One of the earliest contributions was made by Rest (1986, cited by Jones, 1991), who proposed a four-stage model, primarily for individual ethical decision-making, but which can easily be applied to organisational settings (Jones, 1991). Rest’s approach has been acknowledged and utilized by several researchers in the field. According to Jones (1991), Treviño (1986) implicitly built on it in her person-situation interactionist model, where she set forth the combination of individual and situational variables to explain and predict ethical behaviour in organizations. Religion is not designated explicitly in their analyses. However, religion may constitute part of Treviño’s personal or organizational values, or, as suggested by Weaver and Agle (2002), affect all the four stages in Rest’s framework.

Weaver and Agle (2002) applied the symbolic interactionist view to Rest’s model in order to demonstrate how religion is likely to affect an individual’s decision-making and behaviour. This approach will be discussed in closer detail and is chosen before other accounts because
of Rest’s widespread recognition in the field, and because symbolic interactionism may be
the most developed theoretical framework for understanding religiosity (Burke, 1980;
Hoelter, 1985; Stryker, 1980; Stryker & Serpe, 1982; Wimberley, 1984, 1989, cited by
Weaver & Agle, 2002, p. 80). Rest will be addressed first, followed by the symbolic
interactionist perspective as it is described by Weaver and Agle, and third, the application of
religion to Rest’s framework.

Rest (1986, cited by Jones, 1991) proposed a four-stage process whereby a moral agent is to
a) recognize an ethical issue, b) reason and make an ethical judgment on the issue, c)
establish ethical intent by placing moral concerns ahead of other concerns, and d) act based
on the moral concerns. Rest stressed the conceptual distinctness of each stage in the process,
meaning that success in one stage does not automatically induce success in any other stage.
Hence, although reaching an ethical judgment at stage two, it does not necessarily result in
an ethical act at stage four.

Weaver and Agle (2002) adopted the symbolic interactionist view which emphasizes the idea
of role expectations, self-identity, and identity salience as they emanate from religion. In
general, religion is assumed to provide role expectations in terms of participation in ritual
behaviours; commitment to particular beliefs; or experiences of spiritual, cognitive, or
emotional character. An expected spiritual experience could be to perceive your work as
sacred, as a calling, as advanced in Protestant Christianity.

These role expectations are internalized by an individual through social interaction with
other religious persons and thus become a distinct part of that person’s self-identity as an
adherent of a religion. The extent to which religion occupies an essential part of a person’s
self-identity is determinant for the identity salience of a person (Davidson & Knudsen, 1977;
referred to Zahn (1970) who stated that the more salient an identity, the more likely it is to
be activated in social situations, and the more likely that behaviour is guided by the role
expectations associated with that identity (p. 81). The degree of salience will differ in
individuals, thus resulting in behavioural differences across coreligionists. Hence, the
symbolic interactionist perspective provides an explanation for why people of the same
religion do not necessarily execute the same conducts.
Weaver and Agle (2002) further apply this theoretical framework on Rest’s four-stage analysis, arguing that religion may affect all four phases in the process. They assert that the first stage, recognition of an ethical dilemma, can be influenced through the specific language, or framework for categorizing experience, which is provided by religion. For instance, in a negotiation process the business representative could be described in terms of “driving a hard bargain” or, alternatively, as endorsing unethical acts with threatening and manipulative contents (p. 83). Hence, while some business persons accept the natural order of the market and justify a high price along with “what the market can bear” without further consideration, religion can make its adherents aware of the ethics in such market processes. Consequently, since religious role expectations call for agreement to certain beliefs and advance the language of that religion, this should lead to greater recognition of ethical dilemmas for individuals committing to that religion.

Second, at the stage of ethical judgment, religious beliefs affect the foundation on which ethical judgments are constituted. Role expectations of a religious self-identity as incorporated in the Ten Commandments (e.g., no lying), role models (e.g., the good Samaritan), or compassionate requests (e.g., feed the hungry) will, through self-identifying with that religion, bring the moral judgment of a religious individual in more or less consistency with these religious teachings and, in turn, lead to behaviour in accordance with that judgment.

The third stage, ethical intent, can be influenced through religion’s request for the general importance of acting ethically. Accordingly, religion aspires to a greater understanding of ethics within a larger realm of religious concerns. For instance, some Christian strands view ethical behaviour as essential for their religious commitment (e.g., through being necessary for salvation), and religion will then provide an incentive for correct behaviour and lead to establishing intent in compliance with that ethical judgment. In addition, ethical intentions can be affected by moral anger (e.g., feelings of guilt) caused by an earlier executed action, and will be shaped after the personal learning arising from that action.

Finally, at the fourth stage, behavioural religious scripts (e.g., the good Samaritan script) can provide responses to ethical dilemmas. In this sense the individual may not go through the whole process of moral reasoning, but is able to link directly the message or behaviour of the
script to the actual situation he or she is facing. Hence, religious role expectations may also directly induce the ethical behaviour of an individual, in addition to influencing all the preceding stages which, in turn, may lead to ethical behaviour.

Additionally, Weaver and Agle (2002) pointed to the fact that religions often provide role expectations in terms of specific religious experiences. This is exemplified through Protestant Christianity, which emphasized the notion of calling in all work, thus leading its followers to view their occupation as sacred and God-given. In this context the authors state that doing sanctified work may lead to greater consideration and attention to ethical issues, because religion is then likely to represent an explicit part of one’s self-identity. Therefore they posit that recognition, judgment, and intent (stage 1, 2, and 3) will be influenced when individuals perceive their work as a calling.

Through the application of symbolic interactionism on Rest’s model, Weaver and Agle (2002) offer a theoretical framework for addressing religion’s impact on the ethical decision-making process in organisations. To understand the coherence in its entirety, the next section will submit empirical research concerning the relationship between religiousness and ethicality in organisations.

### 2.4.2 Empirical research: Religiousness and ethicality

The second research stream, as suggested by Ibrahim, Howard, and Angelidis (2008), deals with the empirical research. As argued in the previous section there is theoretical basis for suggesting a positive relationship between religious beliefs and ethical behaviour. Nonetheless, the empirical results probing this connection show some inconsistency. Longenecker, McKinney, and Moore (2004) declared that, “To date, research has failed to provide a clear assessment of the significance of religious values as they may affect ethical attitudes or behaviour in business” (p. 373). This section will explore the research field by providing a review of the previous results and attempt to draw conclusions of the subject in research. Additionally, difficulties regarding the existing research are remarked in the end of the section.

The review is based on an extract of the available research and includes articles measuring religiousness or degree of religious orientation and not believers versus non-believers, as this
is of little relevance to the study. Twenty studies from the period between 1978 and 2008 are included. For the reader’s convenience, a summary of the empirical findings is provided in Table 1. The table is categorized after the dependent variables: ethical perception, ethical intent/behaviour, ethical orientation and corporate social responsibility/responsiveness (CSR). The results of the findings are specified in the columns, separated whether they indicate a positive, no/marginal, or negative relationship. Explanatory mechanisms for why religious beliefs may or may not have an impact on ethicality are also designated in the table. The studies will be presented following the order of the table.

**Ethical perception**

Concerning ethical perception and recent research, seven of ten studies confirm a positive relationship to the religious variable. Among them is Wong (2007), who investigated the interaction between religiousness and business ethics of 300 Malaysian Evangelical Christians in business, concluding that those who were more intense in personal devotion and in attending church displayed better ethical attitudes. Also, the length of time being a believer brought about stronger ethical beliefs.

Further, Longenecker, McKinney, and Moore’s (2004) survey on 1234 business managers and professionals in the United States has been important in the recent research literature. Their results showed that those who declared that religious interests were of moderate or high importance to them exhibited higher levels of ethical judgments than others in the sample. In terms of explaining the result, the authors referred to Allport and Ross’ concepts, claiming that highly religious people might have an intrinsic approach to religion and involve God in all parts of life. Religion therefore serves as a “master motive” in life (Allport & Ross, 1967).
<table>
<thead>
<tr>
<th>Authors</th>
<th>Pos.</th>
<th>No/ Marg.</th>
<th>Neg.</th>
<th>Explanatory mechanisms</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ethical Perception</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wong, 2007</td>
<td>X</td>
<td></td>
<td></td>
<td>Religion forms our values and ethics. Continued practice of the faith over a longer period of time may give improved ethical attitudes.</td>
</tr>
<tr>
<td>Longenecker, McKinney, and Moore, 2004</td>
<td>X</td>
<td></td>
<td></td>
<td>Evangelicals and highly religious people take faith more seriously by including God in all parts of life. Religion is the “master motive” in life → intrinsic religiousness(^1).</td>
</tr>
<tr>
<td>Conroy and Emerson, 2004</td>
<td>X</td>
<td></td>
<td></td>
<td>Highly religious students are more active participants in faith (weekly church attendance) than less religious students.</td>
</tr>
<tr>
<td>Sarwono and Armstrong, 2001</td>
<td>X</td>
<td></td>
<td></td>
<td>Personal religiousness can be seen as a source of ethical norms.</td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>X</td>
<td></td>
<td></td>
<td>Highly religious people may view unethical behaviour as sinful. Religiousness may develop a moral courage that influences people to make more ethical decisions in problematic circumstances.</td>
</tr>
<tr>
<td>McNichols and Zimmerer, 1985</td>
<td>X</td>
<td></td>
<td></td>
<td>Either social desirability or a strong personal ethic, where individual opinions are affected by strength of religious belief.</td>
</tr>
<tr>
<td>Miesing and Preble, 1985</td>
<td>X</td>
<td></td>
<td></td>
<td>The Bible has historically provided rules of right or wrong behaviour towards others</td>
</tr>
<tr>
<td>McDonald and Kan, 1997</td>
<td>X</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Kidwell, Stevens and Bethke, 1987</td>
<td>X</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Clark and Dawson, 1996</td>
<td>X</td>
<td></td>
<td></td>
<td>1) Differing individual perceptions of reality. 2) Differing teleological evaluations (consequences). The religious may have stronger utilitarian norms and may judge actions from less egoistic perspectives. 3) Differing deontological evaluations (actions). Religious people value forgiveness and obedience more highly(^2), and therefore may be less likely to condemn others. Biblical warnings about judgement may encourage religious not to judge actions as unethical. 4) Individual combinations of teleological and deontological evaluation. The tension in Christianity between the Protestant work ethic and the demand of worshipping God, and not money, creates a platform which differs from what the non-religious have(^3).</td>
</tr>
<tr>
<td><strong>Ethical Intent/Behaviour</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>X</td>
<td></td>
<td></td>
<td><strong>Intent.</strong> Highly religious people may view unethical behaviour as sinful. Religiousness may develop a moral courage that influences people to make more ethical decisions in difficult circumstances.</td>
</tr>
<tr>
<td>Kennedy and Lawton, 1998</td>
<td>X</td>
<td></td>
<td></td>
<td><strong>Behaviour.</strong> Likely that students with intrinsic religiousness have more integrative, ethical perspectives on “all of life” than do the extrinsics(^2).</td>
</tr>
<tr>
<td>Kennedy and Lawton, 1996</td>
<td>X</td>
<td></td>
<td></td>
<td>Behaviour. May be that people behave more ethically when they have the luxury to do so (Ukrainian vs. U.S. students). However, weak relationship.</td>
</tr>
<tr>
<td>Terpstra, Rozell, and Robinson, 1993</td>
<td>X</td>
<td></td>
<td></td>
<td><strong>Intent.</strong> Could be that situational variables are relatively more important than individual variables in explaining ethicality.</td>
</tr>
<tr>
<td>Hegarty and Sims, 1978, 1979</td>
<td>X</td>
<td></td>
<td></td>
<td><strong>Behaviour.</strong> -</td>
</tr>
</tbody>
</table>
### Table 1: Summary of previous research

<table>
<thead>
<tr>
<th>Ethical Orientation</th>
<th>CSR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siu, Dickinson, and Lee, 2000</td>
<td>X</td>
</tr>
<tr>
<td>Shepard and Hartenian, 1990</td>
<td>X</td>
</tr>
<tr>
<td>Angelidis and Ibrahim, 2004</td>
<td>X</td>
</tr>
<tr>
<td>Quazi, 2003</td>
<td>X</td>
</tr>
<tr>
<td>Ibrahim, Howard, and Angelidis, 2008</td>
<td>X</td>
</tr>
<tr>
<td>Agle and Van Buren, 1999</td>
<td>X</td>
</tr>
</tbody>
</table>

1. Allport and Ross (1967)
2. Explanation is not provided by the authors, noted by (-).
5. Donahue (1985, p. 401)
6. Quazi (2003) does not exclusively measure ethicality in his study; however, he examines religion’s effect on corporate managers’ social obligations through their commitments to CSR.
7. Magill (1992)
In their study on religiosity’s effect on ethically-questionable business scenarios, Conroy and Emerson (2004) found a reduced acceptability as frequency of church attendance increased. Sarwono and Armstrong (2001), who based their survey on Indonesian-Chinese marketing managers, concluded that higher Religious Value Orientations were associated with higher probability of perceiving ethical problems in business. Both Conroy and Emerson (2004) and earlier mentioned Wong (2007) attempted to explicate the positive relationship in terms of being active participants in faith and, hence, that frequent church attendance and personal devotion instil higher levels of ethical attitudes. Sarwono and Armstrong (2001) accentuated personal religiousness as a source of ethical norms.

Moreover, Singhapakdi et al. (2000) probed how marketing practitioners were affected by their degree of religiousness regarding ethical perception and ethical intention. The results revealed positive relationships, and the authors sought a possible explanation to the fact that highly religious people may view unethical behaviour as sinful. Additionally, they suggested that religiousness may develop a moral courage giving people the fortitude to turn to ethical values when facing difficult circumstances.

Early research as well confirmed a positive connection between religious dedication (Miesing & Preble, 1985), or beliefs (McNichols & Zimmerer, 1985), and acceptability of ethically-questionable statements or situations.

By contrast, some studies have found a non- or negative relationship between religiousness and ethical perception. After surveying 50 female managers and 50 male managers Kidwell, Stevens, and Bethke (1987) found no differences in ethical perceptions based on frequency of church attendance. McDonald and Kan (1997) also corroborated the non-relationship when examining whether respondents’ self-reported importance of religious beliefs influenced their ethical responses. There is even evidence that religiousness, as interpreted by the intrinsic/extrinsic scale of Allport and Ross, is linked to greater acceptability of unethical behaviour (Clark & Dawson, 1996). In their study intrinsically motivated individuals perceived the behaviour in the scenario to be less unethical than non-religious people. To explain this negative relationship, Clark and Dawson (1996) adopted Hunt and Vitell’s (1986) proposals on the issue which follow below.

Their first explanation is that intrinsics and non-religious may have differing perceptions of reality. Alternatively, they may have differing teleological evaluations (see Table 1),
referring to intrinsics as more utilitarian, which means they are judging actions from less selfish perspectives. Third, they may have differing deontological evaluations. This involves comparing the questioned behaviour with predetermined moral norms or rules as maintained by an individual. In this matter, Rokeach (1969, cited by Clark & Dawson, 1996) expressed that since the Bible gives warnings about judgements and upholds the necessity of forgiveness and obedience, religious people may be less likely to condemn behaviour as unethical. A fourth explanation involves how individuals combine the teleological and deontological evaluation when making ethical judgments. De George (1986) refers to the tension within Christianity in business life; the controversy between being diligent and thrifty as preached in the Protestant work ethic, and the opposite as communicated in the Bible by not being preoccupied with money and material pursuits, as this takes away attention from God. Having this as a basis may influence religious people when making teleological and deontological evaluations, as being different for the non-religious (Hunt & Vitell, 1993, cited by Clark & Dawson, 1996).

In summary, seven of ten studies report a positive relationship between religiousness and ethical perception, whereas the three remaining indicate no or a negative correlation.

*Ethical intent and behaviour*

When considering ethical intent or behaviour as the dependent variable, three of five studies confirm a positive coherence with the probed religious variable. Singhapakdhi et al. (2000), as already mentioned, reported a positive link between religiousness and ethical intention. Moreover, Kennedy and Lawton (1996, 1998) found ethical behaviour to be positively influenced by religiousness after asking students to indicate how they thought the person in the vignette would behave. Terpstra, Rozell and Robinson (1993) similarly observed that religious beliefs might be important influences in making ethical decisions. However, their results did not succeed in intercepting the significance of this relationship. Therefore, they sought to explain the non-relationship through situational variables being relatively more important than individual variables such as religious beliefs. Hegarty and Sims (1978, 1979) found the interplay between a person’s religious orientation and ethical decision-making in business to be non-existing in their early experimental studies. Their survey subjected 120
graduate business students to a series of decisions of accepting or rejecting kickbacks, being among few studies measuring the actual ethical behaviour through a laboratory experiment.

To sum up, when ethical intent or ethical behaviour acts as the dependent variable, three studies are found to confirm a positive relationship with religiousness, while the studies of Terpstra, Rozell, and Robinson (1993) and Hegarty and Sims (1978, 1979) do not find a significant relationship.

**Ethical orientation**

Thirdly, when ethical orientation is the dependent variable, the two studies included in the review both report a positive link to the religious variable. Shepard and Hartenian (1990) declared that strength of religiosity was positively related to higher ethical orientation, and Siu, Dickinson, and Lee (2000) also supported a positive relationship through their study, which was considered a pioneer study in the Chinese culture on the topic. Siu, Dickinson, and Lee (2000) explained their results through the maintenance of written and unspoken promises which are influenced by religion.

**CSR**

The final dependent variable in the table is corporate social responsibility or responsiveness, both abbreviated to CSR, where three studies report a positive relationship and two studies conclude with a marginal or non-significant relationship. Angelidis and Ibrahim (2004) demonstrated that highly religious business students were more oriented towards ethical issues than economic matters. As well, Quazi (2003) corroborated the positive nexus between strength of religious belief and managers’ perception of social responsibility as going beyond regulatory requirements. Ibrahim, Howard, and Angelidis (2008) reported contradicting results when investigating the religious beliefs of 506 students in contrast to 411 managers in their study. The results based on the student sample indicated a positive link between strength of religious beliefs and the ethical component of corporate social responsibility, while that of managers showed a non-significant relationship. Because of two contradicting results, this study is counted twice in the table. Both Angelidis and Ibrahim (2004) and Ibrahim, Howard, and Angelidis (2008) sought to explain the positive relationship in a “religiousness gap”, meaning that higher religiousness makes students
weigh the importance of organizational elements differently than less religious students. Ethical issues are stronger emphasized than economic matters. Quazi (2003) reflected on the explanation suggested by Magill (1992) that the image of God may hasten business managers into taking ethical responsibility for the society.

Finally, Agle and Van Buren (1999) only found a marginal impact of religious practice and Christian beliefs on attitudes toward corporate social responsibility. They elucidated that business people may in fact view profit-maximization as a more ethical approach to CSR than being socially responsible or, alternatively, that the personal religious values are forsaken by company values (Agle & Van Buren, 1999).

To summarize the table, fourteen of twenty studies confirm a positive relationship between the probed religious variable and an ethical component of business activity, six studies report marginal or no correlation, and one study indicates a negative relationship. Since Ibrahim, Howard, and Angelidis (2008) are counted twice, the number of results obtained equals 21. The preceding review carries about an indication that religious beliefs are likely to contribute positively to ethical decision-making in a business environment, but the results are not completely consistent. Furthermore, there exists some difficulties regarding the existing research, as pointed out by Weaver and Agle (2002), which will follow below.

Difficulties in existing research

First, Weaver and Agle (2002) remarked that samples are usually drawn from undergraduates or MBA students. Using student samples is more difficult when generalizing the results, because students, especially undergraduates, have limited experience facing ethical dilemmas in real life business situations and may therefore respond differently than people with considerable working experience (Kennedy & Lawton, 1998). According to the previous review, twelve of the studies make exclusive use of student samples, showing that this is a widespread approach in sample selection. The remaining eight, however, also include business managers or practitioners in their samples (see Table 2).
Table 2: Sample summary

<table>
<thead>
<tr>
<th>Authors</th>
<th>Size</th>
<th>Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ethical Perception</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wong, 2007</td>
<td>300</td>
<td>Managers</td>
</tr>
<tr>
<td>Longenecker, McKinney, and Moore, 2004</td>
<td>1234</td>
<td>Managers</td>
</tr>
<tr>
<td>Conroy and Emerson, 2004</td>
<td>850</td>
<td>Students</td>
</tr>
<tr>
<td>Sarwono and Armstrong, 2001</td>
<td>471</td>
<td>Managers</td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>453</td>
<td>Practitioners</td>
</tr>
<tr>
<td>McNichols and Zimmerer, 1985</td>
<td>912</td>
<td>Students</td>
</tr>
<tr>
<td>Miesing and Preble, 1985</td>
<td>487</td>
<td>Students</td>
</tr>
<tr>
<td>McDonald and Kan, 1997</td>
<td>1224</td>
<td>MBA students and business persons</td>
</tr>
<tr>
<td>Kidwell, Stevens, and Bethke, 1987</td>
<td>100</td>
<td>Managers</td>
</tr>
<tr>
<td>Clark and Dawson, 1996</td>
<td>162</td>
<td>Students</td>
</tr>
<tr>
<td><strong>Ethical Intent/Behaviour</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kennedy and Lawton, 1998</td>
<td>490</td>
<td>Students</td>
</tr>
<tr>
<td>Kennedy and Lawton, 1996</td>
<td>315</td>
<td>Students</td>
</tr>
<tr>
<td>Terpstra, Rozell, and Robinson, 1993</td>
<td>201</td>
<td>Students</td>
</tr>
<tr>
<td>Hegarty and Sims, 1978, 1979</td>
<td>120</td>
<td>Students</td>
</tr>
<tr>
<td><strong>Ethical Orientation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Siu, Dickinson, and Lee, 2000</td>
<td>429</td>
<td>Students</td>
</tr>
<tr>
<td>Shepard and Hartenian, 1990</td>
<td>244</td>
<td>Students</td>
</tr>
<tr>
<td><strong>CSR</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ibrahim, Howard, and Angelidis, 2008</td>
<td>917</td>
<td>Managers (411) and students (506)</td>
</tr>
<tr>
<td>Angelidis and Ibrahim, 2004</td>
<td>473</td>
<td>Students</td>
</tr>
<tr>
<td>Quazi, 2003</td>
<td>102</td>
<td>Managers</td>
</tr>
<tr>
<td>Agle and Van Buren, 1999</td>
<td>301</td>
<td>MBA and executive MBA students</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Students:</td>
<td>12 studies</td>
<td></td>
</tr>
<tr>
<td>Managers/business practitioners: 6 studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Both:</td>
<td>2 studies</td>
<td></td>
</tr>
</tbody>
</table>

Second, they pointed out that most studies focus on ethical attitudes, which may suffer from social desirability biases. This is particularly the case if ethical attitudes and religiousness are measured simultaneously. Table 3 in section 2.4.3 shows that acceptability or agreement towards questionable ethical scenarios is a commonly used construct in this review, thus reflecting the respondents’ ethical attitudes. Third, there is a great variety of definitions and constructs of religiousness within the research field, making it difficult to compare the results and draw conclusions in the field. This is confirmed through Table 4, section 2.4.4, which reports the variety of religiousness constructs used in the review. The next two sections will, based on the review, present ethicality and religiousness constructs as applied in the previous studies.
2.4.3 Ethicality constructs

The third stream of research in the field is related to finding appropriate methods for measuring ethical and unethical behaviour. This has been recognized as a demanding task because of social desirability bias, the relative infrequency in which unethical behaviour occurs, and the individuals’ tendency to conceal information (e.g., Treviño 1992, cited by O’Fallon and Butterfield, 2005).

The use of scenarios or vignettes is by far the most common construct (O’Fallon & Butterfield, 2005). Table 3 shows that twelve of the thirteen surveys measuring ethical perception, intent, or behaviour in the review made use of scenarios, vignettes, or descriptive situations. According to Fritzscbe and Becker (1982, cited by Longenecker, McKinney, & Moore, 2004), the advantage of using scenarios or vignettes instead of simple questions is that more detail and background information can be included in order to elicit a higher quality of data material in the survey (Alexander & Becker 1978, cited by Longenecker, McKinney, & Moore, 2004).

Ethical perception

The first ten studies in Table 3 measured ethical perception by asking the respondents to express their degree of acceptability or agreement to the ethical dilemma described in the scenario or the statement. A five-point or a seven-point Likert scale ranging from “never acceptable/strongly disagree” to “always acceptable/strongly agree” was used through most of these surveys to measure the degree of the individual’s ethical acceptability towards the hypothetical situations. Both the use of scenarios and the Likert-scale to indicate acceptability are therefore viewed as frequently used constructs for intercepting perception of ethicality of individuals.

Most of the studies also consisted of close-ended and self-administered questionnaires in order to overcome or reduce the sensitivity issues regarding business ethics. It is assumed that anonymous questionnaires will increase the likelihood of obtaining honest responses from the respondents (Soutar et al., 1994, cited by Sarwono & Armstrong, 2001).

Clark and Dawson (1996) applied the multidimensional ethics scale (MES) in their scenarios relating to ethical perception. Reidenbach and Robin (1988, 1990; Reidenbach et al., 1991,
cited by Clark & Dawson, 1996) developed this scale in order to take into account that individuals use more than one rationale when making ethical decisions. The scale is composed by eight items, measured on a seven-point Likert type format. The items are curtailed into three factors: a moral, relativistic, and a contractual dimension. An advantage to using this approach is that the reason why the respondent is making a particular judgment is also intercepted and not only his or her opinion of the scenario. Siu, Dickinson, and Lee (2000) referred to the scale as one of the most popular ethical philosophy measurement instruments.

Table 3: Ethicality constructs

<table>
<thead>
<tr>
<th>Authors</th>
<th>Type of Construct</th>
<th>Measure</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ethical perception</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wong, 2007</td>
<td>Scenarios (25)</td>
<td>Acceptability of ethical decisions in scenario (attitudes)</td>
<td>Five-point Likert scale from “always unacceptable” to “always acceptable”, 3 being “neutral”</td>
</tr>
<tr>
<td>Longenecker, McKinney, and Moore, 2004</td>
<td>Vignettes (16)</td>
<td>Acceptability of ethical decision in scenario</td>
<td>Seven-point Likert scale from “never acceptable” to “always acceptable”</td>
</tr>
<tr>
<td>Conroy and Emerson, 2004</td>
<td>Vignettes (25)</td>
<td>Acceptability of ethical behaviour in scenario (attitudes)</td>
<td>Seven-point Likert scale from “never acceptable” to “always acceptable”</td>
</tr>
<tr>
<td>Sarwono and Armstrong, 2001</td>
<td>Scenarios (4) w/ six statements</td>
<td>Agreement to ethical scenario</td>
<td>Seven-point Likert scale from “strongly disagree” to “strongly agree”</td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>Vignettes</td>
<td>Agreement to whether the scenarios involve an ethical dilemma</td>
<td>Nine-point Likert scale from “completely disagree” to “completely agree”</td>
</tr>
<tr>
<td>McNichols and Zimmerer, 1985</td>
<td>Situations (10) – narrative descriptions</td>
<td>Acceptability in 1) your opinion, 2) society’s opinion, 3) business’ opinion.</td>
<td>Four-point scale from “acceptable” to “unacceptable”</td>
</tr>
<tr>
<td>McDonald and Kan, 1997</td>
<td>Scenarios (14)</td>
<td>Agreement to the scenario</td>
<td>Five-point Likert scale</td>
</tr>
<tr>
<td>Kidwell, Stevens, and Bethke, 1987</td>
<td>Situations (17)</td>
<td>-</td>
<td>Five-point Likert scale from “very unethical” to “not at all unethical”</td>
</tr>
<tr>
<td>Clark and Dawson, 1996</td>
<td>Scenarios (3)</td>
<td>Captures both opinion about scenario and reason behind.</td>
<td>Multidimensional Ethics Scale (MES)</td>
</tr>
<tr>
<td><strong>Ethical Intent/Behaviour</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>Vignettes</td>
<td>Whether respondent would do the same as person in scenario. Intent.</td>
<td>Nine-point Likert scale from “completely disagree” to “completely agree”</td>
</tr>
<tr>
<td>Terpstra, Rozell, and Robinson, 1993</td>
<td>Vignettes (8)</td>
<td>Place themselves in the vignette: 1) likelihood of engaging in the behaviour described in the vignette, and 2) is it legal behaviour? Intent.</td>
<td>Five-point Likert scale from “definitely would not” to “definitely would”</td>
</tr>
<tr>
<td>Author(s)</td>
<td>Vignettes</td>
<td>Description</td>
<td>Scale Type</td>
</tr>
<tr>
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</tr>
<tr>
<td>Kennedy and Lawton, 1996</td>
<td>(3)</td>
<td>Indicate how they thought the person in the vignette would behave.</td>
<td>Six-point scale</td>
</tr>
<tr>
<td>Hegarty and Sims, 1978, 1979</td>
<td>(3)</td>
<td>Indicate how they thought the person in the vignette would behave.</td>
<td>Six-point scale</td>
</tr>
<tr>
<td>Siu, Dickinson, and Lee, 2000</td>
<td>Self-reporting on orientation + MES^4</td>
<td>1) Person’s extent of being an ethical person, 2) interest in learning about ethics, 3) importance of potential employers having a code of ethics, 4) importance of the government educating people in ethics, 5) person’s perceived knowledge about the field of ethics</td>
<td>Seven-point bipolar scale. In addition, MES construct</td>
</tr>
<tr>
<td>Shepard and Hartenian, 1990</td>
<td>Vignettes (4)</td>
<td>Choose one of two alternative responses equalling 1) ethical orientation, or 2) egoistic orientation</td>
<td>-</td>
</tr>
<tr>
<td>Ibrahim, Howard, and Angelidis, 2008</td>
<td>Carroll’s 4-part construct</td>
<td>CSR consist of economic, legal, ethical, and discretionary concerns.</td>
<td>-</td>
</tr>
<tr>
<td>Angelidis and Ibrahim, 2004</td>
<td>Carroll’s 4-part construct</td>
<td>CSR consist of economic, legal, ethical, and discretionary concerns.</td>
<td>-</td>
</tr>
<tr>
<td>Quazi, 2003</td>
<td>Statements (25)</td>
<td>On the responsibility of business</td>
<td>Five-point Likert scale from “strongly disagree” to “strongly agree”</td>
</tr>
<tr>
<td>Agle and Van Buren, 1999</td>
<td>Statements (5)</td>
<td>On the managerial responsibility</td>
<td>Five-point Likert scale from “strongly disagree” to “strongly agree”</td>
</tr>
</tbody>
</table>

1. Based on Conroy and Emerson’s (2004) construct
2. Number in parenthesis indicates number of vignettes, scenarios or situations used in the construct
3. Based on Stevens’ (1979) construct
4. Developed and refined by Reidenback and Robin (1988, 1990; Reidenbach et al., 1991)
5. Based on Rettig and Rawson’s (1963) construct
6. Developed by Carroll (1979)

**Ethical intent and behaviour**

Furthermore, there is a subtle difference in the approaches utilized concerning measuring ethical intent and behavior. For instance, Singhapakdi et al. (2000) and Terpstra, Rozell, and Robinson (1993) asked the respondents to place themselves in the scenario and express agreement to whether they would behave in the same manner as the person in the vignette. O’Fallon and Butterfield (2005) argue that this approach is likely to capture the ethical intent of the respondent, and not the actual behaviour. Their assertion is based on Rest’s definitions of intent as “deciding which action a person will attempt to pursue”, and behaviour as “actually executing and implementing the intentions”. This construct is therefore treated as measuring ethical intent in the research review.
Concerning ethical behaviour, Kennedy and Lawton (1996, 1998) used three vignettes with five variations in each vignette, based on Rettig and Rawson’s framework (1963, cited by Kennedy & Lawton, 1996, 1998). Their original construct included 64 variations of an unethical act. However, the number of variations was reduced by Kennedy and Lawton to avoid respondent fatigue. The vignettes differed in size of rewards for engaging in unethical behaviour. Based on a projective technique the respondents were asked to predict the behaviour of the person in the scenario, instead of answering what the respondent him- or herself would do. This approach reduces the problem of social desirability, and it is inferred by prior research to be an indicator of the individual’s willingness to behave (Kennedy & Lawton, 1996, 1998). These results will therefore be considered as measuring ethical behaviour in the review presented here.

Hegarty and Sims’ (1978, 1979) surveys are the only studies performing an actual laboratory experiment measuring the real behaviour of the respondents. The participants were subjected to a series of decisions on whether to pay kickbacks or not, where some cases involved rewards to the decision-maker for acting unethically. Hegarty and Sims (1978, 1979) chose this approach to investigate the phenomenon of ethical decision-making as being a product of learned behaviour. If so, subjects should be willing to engage more often in unethical behaviour when the behaviour is rewarded and less when it is punished.

**Ethical orientation**

Ethical orientation can be defined as, “The effort to guide one’s conduct by reason – that is, to do what there are best reasons for doing – while giving equal weight to the interests of each individual who will be affected by one’s conduct” (Rachels, 1986, cited by Shepard & Hartenian, 1990, p. 304). Shepard and Hartenian (1990) provided vignettes making the respondents choose one of two responses where each alternative was consistent with being either ethically or egoistically oriented. Siu, Dickinson, and Lee (2000) asked the subjects to self-report their own perception of the importance of ethics based on five criteria as seen in Table 3. The answers formed the degree of how ethically-oriented the respondents were.
Lastly, regarding the measurement of CSR, the most important construct is the one of Carroll (1979), as applied by Ibrahim, Howard, and Angelidis (2007) and Angelidis and Ibrahim (2004). Carroll’s construct is based on the idea that CSR consists of four components: economic, legal, ethical, and discretionary concerns. The economic component demands the business to maximize profits for the owners and shareholders by efficiently providing a supply of goods and services to meet market demands. Legal responsibility insists on operating the business within the legal framework. The ethical concern upholds the fairness, equity, and impartiality of the decision-maker. Finally, the discretionary concern is voluntarily and is instructed by the management’s willingness to make social contributions not required by economics, law, or ethics (1979, cited by Ibrahim, Howard, & Angelidis, 2007).

The review signals that the different approaches to measuring ethical perception, intent, and behaviour of business people make it difficult to compare results and draw conclusions across the field.

2.4.4 Religiousness constructs

The fourth stream of research concerns the different constructs of religiousness. Developing appropriate methods for measuring religious beliefs as they relate to managerial decision-making has generally received little attention (Clark & Dawson, 1996). Adherents of the same religion do not necessarily make the same ethical judgments, and well-developed constructs capturing these variations are therefore essential (Longenecker, McKinney, & Moore, 2004).

Cornwall et al. (1986, cited by Ibrahim, Howard, & Angelidis, 2008) defined religiousness as the strength of an individual’s religious beliefs by which it is “encompassing elements of affect and behaviour” (p. 166). Some authors use the terms “religiosity” and “religiousness” interchangeably (e.g., Kennedy & Lawton, 1996). Donahue (1985), however, suggests using “religiousness” because he argues that “religiosity” is a value laden construct that involves an affectation of religiousness. This study will therefore use the term “religiousness”. Yet, there is no general agreement in terms of the operationalisation of these concepts.
Religiousness can be studied from three perspectives: 1) **cognition**, as in religious knowledge and religious beliefs, 2) **affect**, associated with emotional attachment or emotional feelings about religion, and 3) **behaviour**, such as church affiliation and attendance (Cornwall et al., 1986, cited by Barnett, Bass, & Brown, 1996). Thus, strength and importance of religious beliefs, in addition to the perception of how religious the respondents consider themselves to be, are viewed from a cognitive perspective (Barnett et al., 1996), whereas commitment to the religion is an affective dimension reflecting an individual’s salience of religion in life (Cornwall, 1989). Cornwall et al. (1986, cited by Cornwall, 1989) further claim that commitment serves as an intervening component between belief and behaviour, signifying that although believing, a person has to be truly committed in order to behave in accordance with his or her cognitive beliefs.

The religiousness constructs of the research review are reported in Table 4. The studies that attempt to pursue more than one dimension of measuring religiousness are mentioned twice in the table, under each of the perspectives they intercept. None of the studies involve all three dimensions.

**Table 4: Religiousness constructs**

<table>
<thead>
<tr>
<th>Authors</th>
<th>Construct</th>
<th>Scale</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cognition</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ibrahim, Howard, and Angelidis, 2008</td>
<td>Three statements: “I am very religious”, “My religion is very important to me”, “I believe in God”</td>
<td>Five-point Likert scale from “strongly disagree” to “strongly agree”</td>
</tr>
<tr>
<td>Angelidis and Ibrahim, 2004</td>
<td>Intensity of religious belief</td>
<td>Five-point Likert scale from “low” to “high”</td>
</tr>
<tr>
<td>Longenecker, McKinney, and Moore, 2004</td>
<td>Importance of religious interests</td>
<td>Four levels: High – Moderate – Low – No</td>
</tr>
<tr>
<td>McDonald and Kan, 1997</td>
<td>Importance of religious beliefs</td>
<td>-</td>
</tr>
<tr>
<td>Quazi, 2003</td>
<td>Strength of religious belief</td>
<td>Five-point scale from “I do not believe in any religion” to “religion is a fundamental part of life”</td>
</tr>
<tr>
<td>Shepard and Hartenian, 1990</td>
<td>Strength of religiosity</td>
<td>Seven statements. Seven-point Likert scale from “strongly disagree” to “strongly agree”</td>
</tr>
<tr>
<td>McNichols and Zimmerer, 1985</td>
<td>Strength of religious beliefs</td>
<td>-</td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>1) Church attendance. <strong>Behaviour</strong>. 2) Importance of religious values. <strong>Cognition</strong>. 3) Confidence in religious values <strong>Cognition</strong>. Statements.</td>
<td>Nine-point Likert scale</td>
</tr>
<tr>
<td>Agle and Van Buren, 1999</td>
<td>1) Christian religious beliefs. <strong>Cognition</strong>. 2) Religious decision-making styles. 3) Religious upbringing, reflection, practice.</td>
<td>29-item*, five-point Likert scale from “strongly disagree” to “strongly agree”</td>
</tr>
<tr>
<td>Authors</td>
<td>Description</td>
<td>Scales</td>
</tr>
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</tr>
<tr>
<td>Kennedy and Lawton, 1998</td>
<td>1) Intrinsic/Extrinsic religiousness/Non-religious. <strong>Affect.</strong> 2) Religious conservatism; the orthodoxy of one’s beliefs. <strong>Cognition.</strong> 3) Religious fundamentalism. <strong>Cognition.</strong></td>
<td>1) 20-item 7, five-point Likert scale 2) 15-item 7, four-point Likert-scale 3) 6-item 7</td>
</tr>
<tr>
<td>Kennedy and Lawton, 1998</td>
<td>1) Intrinsic/Extrinsic religiousness/Non-religious. <strong>Affect.</strong> 2) Religious conservatism; the orthodoxy of one’s beliefs. <strong>Cognition.</strong> 3) Religious fundamentalism. <strong>Cognition.</strong></td>
<td>1) 20-item, five-point Likert scale 2) 15-item, four-point Likert scale 3) 6-item</td>
</tr>
<tr>
<td>Kennedy and Lawton, 1996</td>
<td>Intrinsic/Extrinsic religiousness/Non-religious 7</td>
<td>-</td>
</tr>
<tr>
<td>Clark and Dawson, 1996</td>
<td>Intrinsic/Extrinsic religiousness/Non-religious 7</td>
<td>-</td>
</tr>
<tr>
<td>Miesing and Preble, 1985</td>
<td>Strength of religious conviction</td>
<td>Five-point scale, 1 = &quot;non-believer&quot;, 3 = &quot;not sure&quot;, 5 = &quot;dedicated&quot;</td>
</tr>
<tr>
<td>Wong, 2007</td>
<td>Frequency of participation in nine Christian activities: church attendance, Bible studies, prayer meetings, personal devotion, praying with associates etc.</td>
<td>Five-point Likert scale from “never” to “very often”</td>
</tr>
<tr>
<td>Terpstra, Rozell, and Robinson, 1993</td>
<td>Frequency of church attendance</td>
<td>-</td>
</tr>
<tr>
<td>Conroy and Emerson, 2004</td>
<td>Frequency of church attendance</td>
<td>-</td>
</tr>
<tr>
<td>Singhapakdi et al., 2000</td>
<td>1) Church attendance. <strong>Behaviour.</strong> 2) Importance of religious values. <strong>Cognition.</strong> 3) Confidence in religious values <strong>Cognition. Statements.</strong></td>
<td>Nine-point Likert scale</td>
</tr>
<tr>
<td>Siu, Dickinson, and Lee, 2000</td>
<td>1) Religious or not, 2) Frequency of church attendance, and 3) Frequency of considering religious prescriptions when making decisions.</td>
<td>-</td>
</tr>
<tr>
<td>Kidwell, Stevens, and Bethke, 1987</td>
<td>Frequency of church attendance</td>
<td>-</td>
</tr>
<tr>
<td><strong>Religious value orientation</strong></td>
<td>Economic, Political and Religious Value Orientation 7</td>
<td>Strength of each value is measured</td>
</tr>
<tr>
<td>Sarwono and Armstrong, 2001</td>
<td>Economic, Political and Religious Value Orientation 7</td>
<td>Strength of each value is measured</td>
</tr>
<tr>
<td>Hegarty and Sims, 1978, 1979</td>
<td>Economic, Political, and Religious Value Orientation 7</td>
<td>Strength of each value is measured</td>
</tr>
</tbody>
</table>

1. Based on McDaniel and Burnett (1990)  
2. Based on Putney and Middleton (1961)  
4. 28-item construct developed by Van Buren and Agle (1998). One item added.  
6. Based on Huffman (1988)  
8. Based on Allport et al. (1960), Hicks (1970), Hegarty and Sims (1978, 1979)
Table 4 shows that ten studies in the research review used a cognitive approach in measuring religiousness. The studies have focused on the strength (e.g., McNichols & Zimmerer, 1985; Quazi, 2003), intensity (Angelidis & Ibrahim, 2004) and importance (McDonald & Kan, 1997; Longenecker, McKinney, & Moore, 2004) of an individual’s religious belief. Most common was to ask the individual to self-report his or her perceived level of religiousness through expressing agreement to statements or simply indicating strength of belief on a scale.

Furthermore, a distinct construct for measuring religious beliefs was provided by Van Buren and Agle (1998). They developed a 28-item construct (however, adding an extra item in their study of 1999) because, as pointed out by Clark and Dawson (1996), little work had been done on developing appropriate measures of religiousness as they related to managerial decision-making.

Van Buren and Agle (1998) created theoretical constructs based on Biblical theology and/or popular religious beliefs and grouped them in four categories: 1) beliefs about oneself, 2) beliefs about responsibility toward others, 3) beliefs about the acquisition of wealth, and 4) core theological beliefs that influence behaviour. The first category called on answers to questions like, “Who am I in relation to God?” and “Are the gifts I have been given to be used for wise and altruistic or foolish and selfish purposes?” (p. 163). Secondly, they asked whether being religiously affiliated made individuals recognize their responsibilities for others, such as, “We are our brother’s/sister’s keeper” (p. 164). The third category sought to find out whether religious faith impacted how individuals perceived the creation and distribution of wealth. Finally, the fourth category addressed core beliefs from Christian theology, aiming to detect those who influenced the behaviour of a person.

Affect

Four studies in the review involved the affect dimension. Three of them took a motivational perspective in measuring religiousness, building on Allport and Ross’ framework of extrinsic and intrinsic orientation (Clark & Dawson, 1996; Kennedy & Lawton, 1996, 1998).
Allport and Ross (1967) stated that “the extrinsically motivated person uses his religion, whereas the intrinsically motivated lives his religion” (p. 434). Extrinsics, therefore, adhere to religion because it offers security, solace, sociability and distraction, status, and self-justification, while intrinsics find their “master motive” in religion, and try to internalize it and pursue it completely in all aspects of life (Allport & Ross, 1967). The measure of intrinsic religiousness has been identified as an excellent indicator of religious commitment (Wimberley, 1974, cited by Donahue, 1985), which is embodied in the affective approach. The extrinsic measure, however, is not believed to be correlated with commitment, by which it is simply considered as “one of many influences on life or a source of comfort and social support” (Donahue, 1985, p. 405). It is more likely a measurement of an attitude towards religion than a measure of religiousness. Despite this, the construct is listed under the affective approach in Table 4.

The construct of Allport and Ross (1967) has had a tremendous impact on the empirical psychology of religion (Meadow & Kahoe, 1984, cited by Donahue, 1985), and Donahue (1985) regards it to be one of the most frequently-used approaches to religiousness after counting nearly seventy studies applying the concepts. The construct has been further developed by other researchers. For instance, Donahue (1985) suggested the scale to include a “none” category to make it suitable for non-religious respondents as well. Moreover, the instrument of Gorsuch and Venable (1983), and the revised scale of Gorsuch and McPherson (1989) consisting of a 20-item, five-point Likert scale, demonstrate other revisions of the construct. Clark and Dawson (1996) and Kennedy and Lawton (1996, 1998) referred to and applied these revisions of the construct in their studies.

The last study tapping the affect dimension is that of Miesing and Preble (1985), which measured the respondent’s level of dedication towards religion.

*Behaviour*

Regarding the behavioural perspective, six studies utilized frequency of religious activities to measure level of religiousness. Most common was church attendance (e.g., Terpstra, Rozell, & Robinson, 1993; Conroy & Emerson, 2004). However, religious affiliation (Siu, Dickinson, & Lee, 2000), frequency of e.g. personal devotion, Bible studies (Wong, 2007) or
the inclusion of religious precepts in decision-making processes were also used constructs (Agle & Van Buren, 1999; Siu, Dickinson, & Lee, 2000).

*Religious value orientation*

The last approach listed in Table 4 is religious value orientation. This construct is distinct from religiousness and cannot be grouped in the categories described above. Religious value orientation refers to a person “whose mental structure is constantly directed toward the creation of the highest and absolutely satisfying value experience” (Sarwono & Armstrong, 2001, p. 42). Individuals are categorized as mystical; they aspire to understand the totality of the universe and grasp this entirely. Sarwono and Armstrong (2001) and Hegarty and Sims’ (1978, 1979) applied this construct in their studies.

To summarize the three categories concerning religiousness, ten studies tap the cognitive perspective, four studies deal with the affect dimension, and six studies take the behavioural approach. Weaver and Agle (2002) encourage using constructs that intercept more than one dimension, “If religiosity is conceptualized and measured just in terms of easily observed behaviours such as church attendance, we risk missing potentially important motivational and cognitive differences, and vice versa” (p. 80). In addition, Benson (1981, cited by Singhapakdi et al., 2000) concluded that it is possible to go to church and still be a hypocrite.

Since only two of the twenty studies in the review tapped more than one dimension of religiousness in their measures (Kennedy and Lawton, 1998; Singhapakdi et al., 2000), previous research might not have managed to capture the entire influence of religious beliefs. This creates a quest for a construct that encompasses more aspects of how religion is likely to affect an individual. As mentioned, the variety of measures makes it difficult to draw conclusions across the research field.

**2.5 Charitable giving**

Within ethical business behaviour there is also a social aspect directed towards taking responsibility for the local community where a business operates. Particularly for third-world countries that experience growth and development it is important to determine how people’s attitudes are affected by becoming richer. From other parts of the world we know that wealth
and economic progress often lead to greed and egoism among people. To which extent do third-world business owners of today share this feature? Do they donate money to people who are worse-off than themselves? Approaching religion as a possible factor of influence allows us to build knowledge about how the ability to take economic responsibility for less-fortunate people may be either strengthened or weakened. This section therefore provides theory related to how religion is likely to affect this ability, referred to as charitable giving.

First it should be mentioned that all the major religions underscore the importance of helping people in need (Ranganathan & Henley, 2008). Within Christianity, the Bible contains various passages obliging Christians to help the poor and be open-hearted such as Deuteronomy 15:7 and 10,

“If there is a poor man among your brothers in any of the towns of the land that the LORD your God is giving you, do not be hardhearted or tightfisted toward your poor brother….Give generously to him and do so without a grudging heart; then because of this the LORD your God will bless you in all your work and in everything you put your hand to” (NIV Bible).

People adhering to a religion are in some degree likely to become affected by its teachings. In theory one should therefore expect a positive relationship between an individual’s religious beliefs and his or her donations to the poor. Of earlier research, Ranganathan and Henley (2008) found that highly religious people are expected to be altruistic, show positive attitudes towards charitable organisations, assess charitable advertisements positively, and have positive intents towards donating to charitable organisations. Further, McCullough and Willoughby (2009) suggested that alms giving, among other religious rituals, require self-regulatory strength. By being part of a high-constraint setting that stresses the importance of charitable behaviour, religious individuals may be motivated to higher alms giving.

McCullough and Willoughby moreover reported that activating religious concepts was associated with improved moral behaviour such as generosity. As mentioned earlier, they suggested that self-monitoring could be a reason for this, because religious people may feel monitored by God or others, which makes them compare their behaviour to the standards of the religion and thus adjust their behaviour in consonance with this. This requires self-regulation and increases the likelihood of higher charitable gifts. Third, McCullough and
Willoughby asserted that, in a personality test, “agreeableness” and “conscientiousness” are the most reliable traits of describing religiousness. These traits are also related to self-control, because they bring about an ability to adapt and empathize with people concerning their wishes and feelings. This indicates that when religious individuals are able to identify with and have compassion with people in need charitable contributions are more likely to occur.

As a final remark, the reasons for giving have been emphasized as important for how much people donate to charitable causes. Van Slyke and Brooks (2005) reported that Christians with high attendance at worship services appeared to donate to charity for religious reasons and out of a sense of duty. Miller (1999, cited by Lincoln, Morrissey, and Mundey, 2008) found a clear relationship between the culture of a congregation and the meaning of religious giving for individuals within that congregation. She stated, “Those who connect their giving either to a sacred end and/or to a sense of social responsibility give generously” (p. 23). McCullough and Willoughby (2009) reported similar results when asserting that sanctified goals generate more commitment and persistence than non-sanctified goals. Theory therefore supports a positive relationship between religion and charitable giving and claims the reasons for giving to be particularly important for how much individuals donate.

2.6 The African context

This section applies the African context to the research subject to see how religion, business, and ethics are combined in the contemporary Third World. First, the framework of RPB is described and supported in the Kenyan third-world business environment. The construct represents this paper’s approach to measuring the influence of religious beliefs. Second, the current place of ethics in the African business world is discussed. Africa has undergone severe corruption the last decades, which has obstructed social and economic development. Events from African history and culture are looked upon to find reasons for this. Furthermore, the status quo of ethics and business in East Africa is discussed, involving a quest for ethical standards and the need of transparency and consistent rules within the business sector.
2.6.1 Religious perspectives on business

The religious perspectives on business (RPB) are developed by Supphellen, Haugland, and Oklevik (2010) and represent a more nuanced conceptualization of religion compared to constructs of previous research. Instead of measuring religiousness in terms of strength, intensity, or attendance as has been common to date, RPB assess the entrepreneur’s religious orientation towards business. In order words, how the manager’s religious attitudes are expressed in his or her business operation.

Supphellen, Haugland, and Oklevik (2010) asserted that most people in developing countries in Africa consider themselves as religious. Based on Haynes’ (1995) statement, “Spiritual and material concerns interact within highly fluid boundaries in a context where many Africans relate to religion as a means of solving a number of personal problems, some of which will be material issues” (p. 2), they found it plausible to assume that third-world business owners are affected by religious beliefs and attitudes also in the way they think about their business. Because Christianity is regarded the major religion in Africa, and because earlier research has primarily focused on a Christian (American) context, the RPB approach is based on orientations carried by Christian African third-world business entrepreneurs.

In order to discover the religious perspectives on business in the third-world African business context, Supphellen, Haugland, and Oklevik (2010) first reviewed the classic literature on Christian business ethics, because Kenya, as well as many other African countries, has been deeply affected by Western missionaries. Second, they interviewed five local pastors and theologians, and third, 29 business entrepreneurs located in the slums of Nairobi. All the interviews were performed by locals. This effort gave them insight in the prevalence of three different religious orientations among the business owners.

First was the duty and calling perspective, which related to the perception of having been called by God to do business. Work was sanctified through this dimension, and it created a sense of higher purpose. Since God has blessed humans with unique gifts and talents, one feels an obligation, a duty, to use these abilities as intended by God. This perspective is the classical Christian perspective on work ethics.
The second perspective was named the *reward perspective*, because of its influence by charismatic American churches underscoring financial rewards as a consequence of total submission to God. A profound belief and active involvement in spiritual activities were believed to bring rewards in terms of a successful and prosperous business.

Third was the *fatalistic perspective*. Although the business owners considered themselves as Christians, local fatalistic beliefs appeared to have an effect on their attitudes towards business. This group was characterized by a low degree of personal agency, in which they left their future and that of their business to the power of God. Personal agency is considered the cue when evaluating the possible impacts of the three religious perspectives on business (Supphellen, Haugland, & Oklevik, 2010).

### 2.6.2 Business and ethics in Africa

Transparency International has designated some African countries to be among the most corrupt in the world for quite a few years now, hence, one ought to question whether this apparent lack of ethics is a profound characteristic of the African culture, or whether there has been a decline in the ethical standards of the modern-day African society (Gichure, 2006).

The latter assumption has been predominantly supported, whereas several attempts have been made to uncover the cause of this ethical decay, especially regarding economic relations (Gichure, 2006). Some theorists allude to the social transformation process which has been taking place over the last 150 years, bringing the African culture in touch with external influences from mainly Asia and Europe and, finally, leaving Africa in a condition of poverty (Kigongo, 1992, cited by Gichure, 2006). They argue that this happened as a consequence of the emerging imbalance in the commodity market, in which there was no consistency in the goods brought up by the new cultures, perceived as useless and high-priced by the Africans, and the simple products the Africans traditionally had utilized. Additionally, the impact of colonial rules became demoralizing as many lost their ancestral land, often farming land, and inclusively lost the possibilities of being self-supported in addition to their traditional social position. When the colonizers left, they did not provide the Africans with sufficient training and knowledge to face this new economic era going along
with new economic values. Hence, it became difficult for the Africans, without capital and know-how, to maintain it and to work out a new economic agenda (Gichure, 2006).

**Cultural factors**

Most cultures possess traditional ancient stories teaching children about the morals of life through the characteristics of figures or through personifying animals. Gichure (2006) refers to the ideal or gallant of the traditional African stories as the warrior. The warrior was courageous; he was honoured by the public and perceived as in a position of renown because of his bravery and willingness to risk his life for his community. He was superior in battle; he was a real man, carrying both physical and mental vigour. However, the gallant was also an influential person, and he gained many friends who appreciated him with presents, thus making him prosperous. In return he granted their requests. More important desires required gifts of equally higher value, and so on. This was the standard of getting through one's wishes, the social mores.

Characteristics of specific animals were also used to communicate to children the courage and qualities of such gallants or leaders whom one aspired to become, as noted by Gichure (2006). For instance, the hare represented rapidity of the brain, the fox stood for slyness etc. Consequently, a great leader could even attempt to imitate the qualities of these animals, especially the hare, which was recognized for his skills of fooling the other animals and therefore always was left with the booty.

These traditional African ideals gradually faded as external influences made its entry on the continent; leading to new governments, the formation of nation-states and more, but without providing sufficient economic control for traditional African business. Nevertheless, Gichure (2006) declares that the position of the gallant is admired even today and that some leaders would still aspire to attain this status, especially in terms of honour and prosperity. Evidently, when converted to the business world of today, the characteristic behaviour of the gallant is more likely to be perceived as deception, fraud, and bribery in a different sense than what was originally intended (Gichure, 2000, cited by Gichure, 2006). In light of this, and recalling the historical background of Africa, she claims that it should clarify why corruption is such an ingrained part of the contemporary African society.
Despite the above-mentioned factors, she maintains that this does not justify corrupt business behaviour. All Africans today are aware of that the ideals of the warrior are no longer entirely appropriate. Moreover, education is much more common today than when African countries first started detaching themselves from colonial rules. However, discussing ethics in Africa is held in disdain, because although one could be perfectly aware of committing unethical conducts, “at the end of the day it is money, and not ethics, that will put some Ugali\(^1\) on the table” (p. 42).

Gichure (2006) also depicts the development of ethical issues in contemporary Africa through a paradigm on hunger. Imagine a person, of any culture, who has been starving for an extensive amount of time, suddenly having a vast plate of food placed in front of him. He has two options, 1) he can eat his part of the plate and, if needed, share the rest with other starving persons, or alternatively, 2) grab and gather up all the food he possibly can in order to avoid starving for a long time. The first option represents the “golden rule” and is seen as the morally right thing to do, whereas the second belongs to Hobbes theory of self-interest and describes the action of the “man in the state of nature” (*Leviathan*).

Applying the paradigm of hunger to Africa may make the dispersion of corrupt behaviour more understandable and, in turn, why people in powerful positions often take advantage of it without considering ethical aspects and consequences on society of doing such acts (Gichure, 2006).

*The quest for ethical operation in East Africa*

Some people will always have a proclivity towards attempting to convince others of mutual services (Milanzi, 1997). However, the development of public enterprises and the responsibilities given to both central governments and local powers have resulted in a quest for efficient and ethically operated businesses. The foremost ethical challenge in the East African region is therefore to form a common ethical standard which can uphold widespread business behaviour (Milanzi, 1997). Although there is no common terminology for addressing business ethics in Eastern and Southern Africa, ethical business issues are

\(^1\) Traditional East-African dish made from maize flour and water
generally understood as “irreligious, evil, and unethical attitudes and behaviours occurring in the course of doing business” (p. 1550).

Hence, ethical issues are on the agenda of the national governments of East Africa, and with legitimacy in the law, anti-corruption organisations have emerged to tackle ethical issues arising in the business society. For instance, both in Kenya and Tanzania there have been established national divisions of Transparency International (TI). Nevertheless, it has turned out to be difficult for several parties to improve the ethical standards in the Eastern and South-African region (Milanzi, 1997).

Governmental influences are complicated, due to disparities among people, organizations, and the great extent of external forces, such as donors and non-governmental establishments, wanting to have a say in the matter. Moreover, academic institutions have difficulties overcoming the major diversity of cultures, tribal affairs, and social influences in order to implement a business ethic which can function both in theory and in practice (Milanzi, 1997). Western ethical theories have often been useless as these theories seem to only work within the frames of a prosperous Western society, which is recognized as individualistic in nature (Gichure, 2006). Gichure also refers to Bujo (2001), one of several African theorists who stress the need “to study in detail their manners and customs, their religious convictions, and their understanding of the world as a whole” (p. 45) before one can supplement with Western experiences.

According to Milanzi (1997) there is presently little theoretical work on the field of business ethics in Africa, whereas the existing often focus on managerial issues and restrictions instead of the pure ethics of business operation.

*The business sector*

The most wide-spread companies in the private African sector are non-listed small-to-medium enterprises (SMEs), whereas state-owned enterprises (SOEs) are still predominant in the market, except in South Africa (Rossouw, 2005). Several obstacles are assigned by Rossouw (2005) in order to achieve satisfactory corporate governance. Most important is that effective regulations and institutions capable of enforcing the standards of good corporate governance are absent. When transparency and consistent rules are not present,
private companies hesitate to register their business on the stock exchange market, because they are afraid that either the authorities or competitors will take advantage of the careful inspections and requirements to account for business-related activities, which are demanded for listed companies (Armstrong, 2003, cited by Rossouw, 2005). The incentives for SMEs to become listed companies, and thus take part in the sphere where good standards of corporate management are compulsory and being upheld, are therefore limited.

However, there is a propensity of developing national codes of corporate governance, and particularly the Anglophone countries, Kenya included, have already managed to produce a considerable number of them, with business ethics as one of the approached procedures (Rossouw, 2005). The ethical aspect consists of certain fundamental values such as transparency, accountability, responsibility, and probity (p. 101), in addition to moral responsibilities concerning reputation, protection of the stakeholders, safety and health of the work-force, and the social responsibility of the company.

Despite the efforts, the challenge at hand resides in the range of transferring this commitment to profound ethical principles into the managerial operation of the enterprises (Rossouw, 2005). African researchers consider the decline in ethical adherence as the fundamental reason for most of the contemporary problems the continent is facing (Gichure, 2006). Thus, there is a need for both business enterprises and national governments to have people at work who despise corruption, who do not accept bribes, and who do not discriminate or favour neither tribes nor gender (Milanzi, 1997).

The Ugandan President, Yoweri K. Museveni has described corruption as “a cancer which, if it is not checked, will hinder progress in all sectors of society” (Milanzi, 1997, p. 1550). There is no doubt that unethical practices in both business corporations and public government do delay the development and amendment of the standard of living in the region (Milanzi, 1997). Therefore, there is a need to address these issues and discover the African perceptions of moral values, and further use this to bring about a commitment and adherence to ethical principles from the bottom up in order to empower the poor.
2.7 Model and hypotheses

The presented theory provides the foundation for the hypotheses that are developed in the following. The duty and calling perspective carries a high sense of personal agency, because the individual’s effort to fulfil one’s calling in business is essential. McCullough and Willoughby (2009) reported that sanctified goals generated more commitment, self-efficacy, and persistence than non-sanctified goals. Additionally, Weaver and Agle (2002) posited that sanctified work may lead to greater consideration and attention to ethical issues, because religion is then likely to represent an explicit part of one’s self-identity. Based on this, the duty and calling perspective is believed to bring about positive effects on ethical business operation, because work is perceived as sacred and thus pervade the entrepreneur’s way of thinking. The following hypothesis is therefore formulated:

**H1:** The duty and calling perspective has a positive effect on the ethical operation of small third-world business enterprises

Oppositely, the reward- and the fatalistic perspectives are expected to have no or negative effects on ethical operation. Both perspectives represent a likelihood of low personal agency in business. A reward oriented business owner directs his focus away from the business and over to the spiritual arena in anticipation of financial rewards, and the fatalistic oriented remains passive as he awaits the help and intervention from God in his life (Supphellen, Haugland, & Oklevik, 2010). One’s own efforts and initiatives are therefore lacking within these perspectives, which makes these business entrepreneurs less likely to engage actively to operate their business within an ethical framework. This leads to the subsequent coherence:

**H2:** The reward- and fatalistic perspectives have no or negative effects on the ethical operation of small third-world business enterprises

Charitable giving is an important aspect of ethical business operation. According to Miller (1999, cited by Lincoln, Morrissey, and Mundey, 2008), those who give out of a sacred end or a sense of social responsibility give more generously. Sanctified work may lead to increased attention to ethical issues, as mentioned above, which indicates that duty and
calling oriented business owners are more likely to care socially and economically for people in need. Hence, the following hypothesis is proposed:

**H3:** *The duty and calling perspective has a positive effect on the charitable giving of third-world business entrepreneurs*

As with ethical business operation, it is less probable that reward- and fatalistic oriented business entrepreneurs will become actively engaged in ethical and social concerns around them. They more likely see the despair and needs of others as the responsibility of God; in the same way as they themselves are awaiting an intervention or reward from above. It is therefore expected to find the following effects:

**H4:** *The reward- and fatalistic perspectives have no or negative effects on the charitable giving of third-world business entrepreneurs*

Below is the model as provided in section 2.1 of this chapter. The model suggests RPB to influence the ethical operation and charitable giving of small third-world business enterprises. In addition, six control variables are likely to have an influence on the dependent variables which will be considered in the next, and final, section of the theory chapter.
2.8 Control variables

Various factors, besides religion, are expected to influence the ethical operation and charitable giving of third-world business managers. Business experience, education, hours of work per day, type of business, and over-claiming are such factors that may have an effect on ethical and charitable behaviour. These are the control variables of the study and are presented below with supporting empirical results.

Business experience

Across several studies, O’Fallon and Butterfield (2005) concluded that more education, employment or work experience was positively associated with ethical decision-making. Kidwell, Stevens, and Bethke (1987) also found that an increased number of years in the workforce were positively related to ethical perceptions. Theory therefore supports a positive relationship between increased business experience and individual ethical attitudes.

Education

Mixed results are reported on this relationship. Kidwell, Stevens, and Bethke (1987) found no significant relationship between highest level of education attained and ethical perceptions. Also, McNichols and Zimmerer (1985) found no clearly identified trend in whether students with business versus non-business majors showed different ethical attitudes. Terpstra, Rozell, and Robinson (1993) showed that an ethics course had no impact on ethical conduct. However, as mentioned in the preceding paragraph, O’Fallon and Butterfield (2005) concluded that more education, employment, or work experience was positively associated with ethical decision-making, by which 12 of 18 studies were showing this relationship.

Concerning charitable giving, Van Slyke and Brooks (2005) referred to several surveys (e.g., Gallup) and researchers (e.g., Jencks, 1987) indicating that an increase in educational attainment would lead to increased donations. On the other hand, Regnerus, Smith, and Sikkink (1998, cited by Lincoln, Morrissey, & Mundey, 2008) reported a non-significant relationship between education and donations to the poor. Consequently, the results of present theory are inconsistent.
**Hours of Work**

O’Fallon and Butterfield (2005) concluded in their review that more education, *employment* or work experience was positively associated with ethical decision-making. Employment is not the equivalent of hours of work per day; however, it provides an indication that a positive relationship may exist.

**Type of Business**

Previous research is not available on this relationship; nevertheless, there is reason to believe that offering services may contribute positively to ethical- and charitable behaviour, because the business owners are then more involved with customer interaction than when basing their business solely on products.

**Gender**

Kidwell, Stevens, and Bethke (1987) found no difference in ethical perception of female and male managers. Similar results were also found by McDonald and Kan (1997). Theory therefore suggests that there are no differences in ethical attitudes towards gender.

**Over-claiming**

Both ethical operation and charitable giving are recognized as socially sensitive variables, meaning that it is favourable to give answers in consonance with the norm of the society, even though it does not always represent the actual behaviour of the individual. The proclivity for some people to self-enhance when describing themselves generates difficulties for researchers who base their analyses upon self-report measures. Paulhus et al. (2003) suggested using the over-claiming technique, as originated from Phillips and Clancy (1972), to take this concern into account. Over-claiming is then defined as the tendency of claiming knowledge about nonexistent items (p. 890) and examines the degree of overstatement concerning the variables. As stated, ethical operation and charitable giving are exposed to social desirability bias, leading some respondents to self-enhance when expressing their opinions related to these variables. Positive relationships between over-claiming and the dependent variables are therefore expected.
3. METHODOLOGY

The methodology chapter encompasses the underlying assumptions of the study and provides important characteristics of the analysis. The chapter starts off by describing the research object and, furthermore, the research design of the study. Next, the recruitment process is explained, followed by details on how the data was collected. Thereafter, the measures of the variables are presented, before the final section provides information on how the data was analysed.

3.1 Research object

The research question of the study is:

*What is the relationship, if any, between RPB and a) ethical behaviour, and b) charitable giving of small third-world enterprises?*

The purpose of this study is as mentioned to establish the coherence, if there is any, between RPB and two chosen areas of moral responsibility regarding business operation in the developing world. Third-world business managers were therefore chosen as the research object of the study. In total, 143 business owners operating in the slums of Kibera in Nairobi, Kenya, participated, in order to investigate how they were affected by different religious attitudes in the operation of their business.

A business manager was defined as one who is in charge of a small-scale business, selling goods such as fresh food products or consumer products, or services such as repair, household, transport, tailor-services, and hair dressing services. In addition, the business owners were registered with an organisation dealing with micro finance or saving groups. Nairobi and Kenya was chosen as location for the research project because of its high number of Christians, which made it possible to address the influence of Christian attitudes towards business operation.

The respondents were randomly selected from the database of Jamii Bora Trust (JBT), the leading microfinance institution in Kenya, and from All Clergy’s Network (ACN), a
Christian network for pastors and churches in the slums of Nairobi, Kenya. The two organisations were chosen to obtain a certain degree of heterogeneity in the final sample.

3.2 Research design: Descriptive survey

According to Backstrom and Hursh-César (1981 [1963]) a research design is the set of theory and procedures for carrying out a study from start to finish. To accomplish this study survey is chosen as research design. A survey research is chosen when the group of people we want to study is too large and too dispersed to include everybody (Backstrom & Hursh-César, 1981). We then randomly select some of the people in the group to interview. The chosen sample will represent the group or population. Use of questionnaires is the most common tool for obtaining information from the selected respondents. By using this survey method, it is possible to generalize about many people by studying only a few of them, which separates this approach from other research methods (Backstrom & Hursh-César, 1981). Regarding this study, the 143 interviewed business entrepreneurs will provide an idea of the attitudes third-world business entrepreneurs in general possess towards ethical business operation and charitable giving when they are under Christian Protestant influence such as in Nairobi, Kenya.

Furthermore, when deciding on research design it is also important to determine the time dimension of the survey. Is the survey to be conducted only once, or several times to study development over time? Cross-sectional surveys investigate the state in a population or group of people at a certain point in time, while longitudinal surveys are repeated a number of times to study the changes over time (Adér & Mellenbergh, 1999). This study is based on a cross-sectional study as the survey was done to describe the state of affairs of small third-world enterprises at a certain point in time.

Lastly, it is necessary to know and decide the purpose of the study; why the survey is conducted and how the results can contribute to research in the field (Johannessen, Tufte, & Kristoffersen, 2005). The authors here describe several feasible purposes of a survey, of which I will mention some. Descriptive surveys are supporting and substantiating research. The descriptions can be about individuals, situations or happenings. It is possible to describe an existing and ongoing relationship or a relationship in the past. Secondly, they refer to
**explanatory** surveys: which factor X causes Y? And, which factor Y is a consequence of X? Thirdly, **understanding** surveys are about which attitudes, rules, and occasions that are shaping a certain phenomenon. Fourthly, **predicting** surveys are about finding out what will happen if something occurs; who will get affected, and how will they get affected? Fifthly, Johannessen, Tufte, and Kristoffersen (2005) bring up **evaluative** surveys, which seek to find out whether an effort X has reached a certain goal which was made in advance.

The research question of this study indicates that we are dealing with a descriptive survey design. The purpose is to describe religious attitudes towards business held by third-world entrepreneurs, and thus, describe the relationships that may exist between RPB and the dependent variables. Establishing religion’s effect in third-world business activity can contribute to a greater understanding of factors that are likely to affect the operation of these enterprises.

### 3.3 Recruitment

The recruitment process started by obtaining a complete list of members from JBT and ACN. The objective was to recruit 140 respondents, approximately 70 from each institution. The number was tripled in the recruitment process, which meant 210 business owners from each network were asked to participate in the survey. This was done due to the high probability of negative responses or absence.

The list of members of the JBT branch in Kibera (year 2006-2007) consisted of 2,167 customers, which meant that roughly every tenth person on the list was selected to participate. These were marked with an asterisk in the data file and thereafter collected in a new file, which formed the list of business owners that were to be contacted. The same procedure was performed for the respondents from ACN.

The business owners were contacted over the phone or in person a few days before the survey. Those who responded positively to the request were asked to come to one of the two churches where the survey was to take place the following Saturday.
3.4 Data collection

In conformity with carrying out investigations, there are several methods of collecting data. The main division lies between qualitative and quantitative approaches. Quantitative methods are about counting a certain phenomenon to determine the prevalence in its area (Johannessen, Tufte, & Kristoffersen, 2005). People’s thoughts and feelings are recorded by using scales or categories, unlike the qualitative methods which register people’s actual words (Judd, Smith, & Kidder, 1991). The purpose of using qualitative methods is to achieve rich descriptions on people’s thoughts about the field in research, and therefore the procedures of data collection and analysis are less extensive than when using quantitative approaches (Johannessen, Tufte, & Kristoffersen, 2005).

The selection of methods is limited by the chosen research design. This study is based on a cross-sectional survey design with a descriptive purpose. A quantitative method is therefore chosen to approach the data collection. This means the focus is on recording people’s attitudes and thoughts in a predetermined questionnaire by using scales and categories. The advantage of using this method is that we are able to make inferences about a larger population by viewing our sample as a miniature world. The population in this study is Christian African third-world business entrepreneurs, and the sample consists of 143 business managers drawn from the Kibera-slum in Nairobi, Kenya.

The next sections contain practical information about the questionnaire and the procedure of the survey.

3.4.1 Questionnaire

The questionnaire was based on the preceding survey in the research project and requested personal information about the entrepreneur, information about his or her business, attitudes relating to RPB, attitudes concerning ethical operation, amount of charitable gifts and so on. Five-point scales were used for answering several of the questions.

The questionnaire was first developed in English by Supphellen, Haugland, and Oklevik (2010) and thereafter translated into Swahili by local bilinguals at a local university. The questions were asked orally in Swahili by interviewers, who then registered the responses in
the English questionnaires. A pre-test of the questionnaire was executed in advance of the previous survey and was therefore not necessary at this time.

### 3.4.2 Procedure of the survey

The survey was held in two churches in the Kibera-slum, one in the upper part of Kibera and one in the lower part. Both churches were part of ACN. Respondents were asked to meet at the churches if they lived close by, or if they lived further away, by the local JBT branch, so matatus\(^2\) could bring them to the churches. The interviews were conducted continuously as soon as they arrived not to lose respondents out of impatience while waiting.

The interviews were performed by 34 local university students, each of them doing about four interviews. For some interviewers this was the first time visiting the slums. Interviewer and respondent sat together in pairs on benches or chairs spread out in the church room. One interview lasted from about forty minutes to one hour, depending on how well the interviewer and respondent communicated.

The respondents were trained beforehand in how to use the five-point scale, and during the interview they had a piece of paper in front of them describing the different stages on the scale. The interviewer had to connect their answer to the corresponding number on the scale and plot it into the questionnaire. After the interviews had been completed, soda, buns and bananas were handed out to the respondents. Besides this, no remuneration was given for participating in the survey.

### 3.5 Measures

The analyses consisted of two regression models with ethical operation and charitable giving as the dependent variables. The explanatory variables were the three religious perspectives on business, and the control variables were business experience, education, hours of work per day, type of business, gender, and over-claiming. The following sections will present the measures of these variables. The complete questionnaire can be found in the appendix.

\(^2\) Matatu is the local means of transport equalling a mini bus
3.5.1 Dependent variables

Ethical operation

The ethical operation variable consisted of three statements describing attitudes towards ethical business operation. The five-point scale was used to state agreement to the statements, whereas 5 was “completely agree”, 4 “partly agree”, 3 “neither nor”, 2 “partly disagree”, and 1 “completely disagree”. The variable was computed by calculating the average of the responses of the three statements. Ethical operation equalled part nine in the questionnaire:

| Q 9.1 | In operating my business, I feel that fairness and honesty is more important than profits |
| Q 9.2 | What is most important is that I operate my business in an ethical way regardless of whether this produces success or not |
| Q 9.3 | I do not exploit opportunities to earn money if that means I have to do unethical things |

Charitable giving

Charitable giving was measured by one single question belonging to the third section in the questionnaire, facts about the entrepreneurs’ business. The amount was reported in Kenyan shilling (KES):

| Q 3.15 | Have you given (donated) to churches, aid organisations, or directly to people in need – other than family members – the last month? If yes, how much in total the last month? (KES) |

3.5.2 Explanatory variables

Religious perspectives on business (RPB)

Each of the RPB variables was composed of three statements. The scale was used to express agreement to the statements. RPB equalled part six in the questionnaire:

| Q 6.2.1 | If I submit my life completely to God, he will reward me |
| Q 6.2.2 | If I believe strongly enough, God will give me success in business |
| Q 6.2.3 | God rewards a humble business man with financial success |
6.3 Duty- and calling orientation

<table>
<thead>
<tr>
<th>Q 6.3.1</th>
<th>Because of God’s grace, I feel obligated to exploit my talents and work hard</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 6.3.2</td>
<td>Because God has saved me, I want to bless other people through my business activity</td>
</tr>
<tr>
<td>Q 6.3.3</td>
<td>I believe that God has called me to use my talents in business</td>
</tr>
</tbody>
</table>

6.4 Fatalistic orientation

<table>
<thead>
<tr>
<th>Q 6.4.1</th>
<th>When somebody succeeds with his business, it is not because of his talents and abilities, but only because of God’s grace</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q 6.4.2</td>
<td>Business success has little to do with my own abilities</td>
</tr>
<tr>
<td>Q 6.4.3</td>
<td>My effort in business is not crucial, I just need to wait for God to make my way</td>
</tr>
</tbody>
</table>

The variables were computed by calculating the average of the three statements. The logarithm of the responses was further executed to standardize the sample.

### 3.5.3 Control variables

**Business experience**

Business experience was measured through one single question, belonging to the third part of the questionnaire concerning the respondents’ business:

| Q 3.6          | For how many years have you been in business, that is, for how many years in total have you been selling products/services? |

**Education**

The education variable was similarly based on a single question and belonged to part twelve, personal information:

| Q 12.h       | Formal education. Number of years at public or private schools (explain that only focus on formal education at an official school) |

**Hours of work**

Hours of work per day was part of section twelve and was measured through the following question:

| Q 12.c       | About how many hours a day do you typically work on your business? |
Over-claiming

The over-claiming variable was based on question thirteen in the questionnaire. A five-point scale was used to express knowledge to a set of business terms, where 5 was “I know it very well”, 4 “I know it well”, 3 ”I know it fairly well”, 2 “I know it a little”, and 1 “I don’t know it at all”:

Q13 How well do you know what these business terms mean?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Income</td>
</tr>
<tr>
<td>b)</td>
<td>Positioning</td>
</tr>
<tr>
<td>c)</td>
<td>Profit</td>
</tr>
<tr>
<td>d)</td>
<td>Shadow product</td>
</tr>
<tr>
<td>e)</td>
<td>Money line</td>
</tr>
<tr>
<td>f)</td>
<td>Blind market</td>
</tr>
</tbody>
</table>

The last three business terms were foils, meaning they are false and do not exist. So, if any respondent claim knowledge, of any degree, about the fictitious terms he or she is found to be over-claiming. The three foils were created to resemble the veritable items, in order to make them plausible terms of the business language.

3.6 Analysis of the data

The data was analysed through a step by step process using the statistical program SPSS. The first part consisted of recoding the data, using the questionnaire as a basis. The purpose was to structure and make the data countable for the next step, which was the regression analysis. The analyses was carried out by an inductive approach, meaning that we go “from empiricism to theory” instead of going “from theory to empiricism”, which is the deductive approach to data analysis (Johannessen, Tufte, & Kristoffersen, 2005). The data material was the starting point of the analysis, and it was analysed independently of theory. In this way the data was in charge of the process, which characterizes the inductive method.

.
4. **RESULTS**

This chapter presents the findings of the study. First, the final sample is described, followed by descriptive statistics and reliability of the measures. Thereafter, correlations and Cronbach’s alpha are listed and explained, before the results of the hypotheses are presented. At last, results from the additional analyses are reported, encompassing interaction variables and control variables.

Two regression models were executed to probe the impact of RPB on ethical operation and charitable giving. The objective was to identify explanatory variables of the dependent variable in each model.

The regression equation is defined like this:

\[ y = \alpha + \beta_i X_i + \epsilon, \]

where the dependent variable, \( y \), represents ethical operation in the first model and charitable giving in the second model. The \( y \) is explained by a constant \( \alpha \); \( i \) number of explanatory variables, \( X \), with the corresponding coefficient \( \beta \); and the error term, \( \epsilon \).

### 4.1 Final sample

The final sample consisted of 143 third-world business entrepreneurs, of which 66.4 % were females. The most common business activity was sales of goods, constituting 60.1 % of the sample. These entrepreneurs provided only goods in their business. The remaining entrepreneurs offered either a combination of goods and services, or only services. Table 5 shows the main characteristics of the respondents.

**Table 5: Final sample**

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>St.deviation</th>
<th>Min</th>
<th>Max</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Age</strong></td>
<td>38.6</td>
<td>10.06</td>
<td>19</td>
<td>64</td>
</tr>
<tr>
<td><strong>Nr of employees</strong></td>
<td>2.05</td>
<td>2.82</td>
<td>0</td>
<td>20</td>
</tr>
<tr>
<td><strong>Monthly sales</strong></td>
<td>23,613</td>
<td>46,627</td>
<td>60</td>
<td>400,000</td>
</tr>
<tr>
<td><strong>Current loan size</strong></td>
<td>10,999</td>
<td>33,954</td>
<td>0</td>
<td>300,000</td>
</tr>
</tbody>
</table>

1. Amount in Kenyan shilling (KES)
The average age of the respondents was 38.6 years, with the youngest being nineteen years old and the oldest 64. The standard deviation of 10.06 indicates that most respondents were between 28 and 48 years old.

The business entrepreneurs had on average two people working for them. Based on a standard deviation of 2.82, zero to five employees was most common, while the range stretched from zero to twenty workers.

The mean value of monthly sale was 23,613 KES. The standard deviation of 46,627, however, demonstrates great dispersion among incomes. The lowest monthly sale reported was 60 KES, while the highest was 400,000 KES.

The average loan size of the sample was 10,999 KES. The high standard deviation of 33,954 indicates, as with sales, that also loan sizes differed strongly among the entrepreneurs. As much as 88 respondents had no current loan at all, suggesting that many were able to save on their own. Alternately, they simply operated within a smaller scale. The most frequent loan size was 10,000 KES, possessed by twenty business owners. The highest loan in the sample was 300,000 KES, held by one entrepreneur, whereas three entrepreneurs managed loans of 150,000 KES each.

4.2 Descriptive statistics and reliability

4.2.1 Mean and standard deviation

Descriptive statistics aim to describe the main features of the data collection. Table 6 below reports the mean values and the standard deviations of the variables of the regression analyses.
Table 6: Mean and standard deviation

<table>
<thead>
<tr>
<th>Variables</th>
<th>Mean</th>
<th>St. dev.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical operation</td>
<td>4.15</td>
<td>1.04</td>
</tr>
<tr>
<td>Charitable giving</td>
<td>1,145</td>
<td>2,748</td>
</tr>
<tr>
<td>Reward</td>
<td>4.61</td>
<td>0.74</td>
</tr>
<tr>
<td>Duty and calling</td>
<td>4.77</td>
<td>0.64</td>
</tr>
<tr>
<td>Fatalistic</td>
<td>2.90</td>
<td>1.08</td>
</tr>
<tr>
<td>Business experience</td>
<td>7.87</td>
<td>6.29</td>
</tr>
<tr>
<td>Education</td>
<td>9.74</td>
<td>3.67</td>
</tr>
<tr>
<td>Hours of work</td>
<td>9.15</td>
<td>3.35</td>
</tr>
<tr>
<td>Over-claiming</td>
<td>2.00</td>
<td>1.18</td>
</tr>
</tbody>
</table>

1. Amount in Kenyan shilling (KES)

The mean value of *ethical operation* was 4.15, demonstrating that the entrepreneurs considered themselves to be fairly ethical in the management of their business, recalling that five was the highest level on the scale. The standard deviation of 1.04 implies that most respondents (about 68 %) resided in the upper part of the scale, between three and five.

Average donation per month was 1,145 KES, as reported through the *charitable giving* variable. The standard deviation of 2,748 indicates great variation in the sample. 32 % of the entrepreneurs did not donate anything the last month, while one entrepreneur gave 20,000 KES, which was the highest donation in the sample.

Both *reward* and *duty and calling* had high mean values, 4.61 and 4.77 respectively. The corresponding standard deviations were low, 0.74 and 0.64. *Fatalistic* showed a lower mean, 2.90, and a somewhat higher standard deviation, 1.08. This indicates small variances in the responses on all three perspectives, with fatalistic being the variable with the most spread out data. Additionally, the mean values imply that there are greater inclination among the respondents towards committing to the duty- and reward perspectives than to the fatalistic perspective.

Average years of *business experience* was 7.87, which indicates that the sample consisted of fairly experienced business entrepreneurs. However, the high standard deviation of 6.26 signalizes a strong degree of dispersion in the responses, and thus in experience.

*Education* showed a mean value of 9.74 years, implying that the respondents had quite satisfactory educational backgrounds. The standard deviation was 3.67, showing some
variation in the sample. The most frequent number of years of education was twelve, carried by 41 respondents. Eighteen years was the highest number of years reported, possessed by one entrepreneur, whereas seven entrepreneurs had never attained formal education at all. Nevertheless, the education variable needs some remarks. In a bivariate correlation test with over-claiming, the Pearson correlation appeared as .294, significant at a 1% level. This indicates a high correlation between education and over-claiming, thus, suggesting that the mean value of 9.74 years of education is somewhat higher than in reality. The respondents have therefore most likely self-enhanced when they reported their educational background.

*Hours of work* per day were on average 9.15 among the business entrepreneurs. The corresponding standard deviation was 3.35 hours.

The proclivity of *over-claiming* was somewhat common among the respondents with a mean value of 2.00, which means they claimed to know the false business terms “a little” on average. The standard deviation was 1.18, indicating responses roughly within the range of 1 and 3.

### 4.2.2 Reliability

Reliability concerns the data of the survey: which data that are used, how they are collected, and how they are edited (Johannessen, Tufte & Kristoffersen, 2005).

First, the data collection of this study was conducted in the slum areas, where the environment was familiar to the respondents. This is favourable compared to moving the respondents out of the slum, which is more common, to a place where they might feel insecure and give uncertain responses. These circumstances increase the reliability of the collected data.

Second, the interviews were accomplished in Swahili and not English, which improves the trustworthiness of the data. Despite English being an official language in Kenya, not all the people in the slums speak it very well. Both the low exposure to the English language and the poor level of schooling in the slum can explain this phenomenon. An option would be to interview them in their mother tongue. The 42 tribes of Kenya all provide their own language, of which some are related, so, apart from the Swahilis descended from the coast, all Kenyans have a different mother tongue than Swahili. However, there is reason to believe
that they feel secure enough speaking Swahili as it is the common language in the slum and is frequently spoken. Performing the interviews in Swahili, therefore, strengthens the reliability of the data.

Third, as the respondents were to give short answers to the questions, often according to a scale, there is reason to believe that the interviewers have recorded the exact answers reported by the interviewees. Hence, there is no reason to suspect a loss of relevant details based on the questions that were prompted in this study.

Fourth, central concepts such as “profits” were explained beforehand, because many business owners in the slum were not used to keeping track of costs and revenues, and therefore did not recognize the concept. A thorough explanation of the use of the scale was also done for each respondent before the interview was conducted. There is therefore reason to trust the collected data.

Cronbach’s alpha (α) is a statistical measure of reliability, testing the internal consistency of the items composing a variable. Five variables in this study made use of more than one statement to constitute the measure. The Cronbach’s alphas of these are reported in Table 7 in the following section. The reward variable indicates an alpha of 0.575. This is acceptable as the rule of thumb says the alpha should exceed 0.5 when the constructs are recently established, as they are in this study. Recognized constructs should have alphas above 0.7.

Fatalistic gives a somewhat higher estimate, 0.618, while duty and calling exhibits the strongest reliability of the RPB, with an alpha of 0.827. Over-claiming reports an alpha of 0.766 and ethical operation an alpha of 0.614. All the estimates are acceptable for the use of this study. Hence, satisfying Cronbach’s alphas give further reason to trust the measures of the analyses.

4.3 Correlations and Cronbach’s alpha

Correlations give an indication of the strength of the relationship that exists between two variables representing characteristics of the sample we are investigating (Black, 1999). Low correlations between the explanatory variables are wanted, as opposite to the Cronbach’s alpha. Stronger consistency between the statements, and more statements included in the
measure, will increase the Cronbach’s alpha, which in turn strengthens the reliability of the construct. Table 7 below reports the correlations with the Cronbach’s alpha estimates in the diagonal.

**Table 7: Correlations and Cronbach's alpha**

<table>
<thead>
<tr>
<th></th>
<th>Reward</th>
<th>Duty</th>
<th>Fatalistic</th>
<th>Over-cl.</th>
<th>Ethical op.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reward¹</td>
<td>.575</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Duty and calling</td>
<td>.487</td>
<td>.827</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fatalistic</td>
<td>.131</td>
<td>.034</td>
<td>.618</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Over-claiming</td>
<td>-.011</td>
<td>-.032</td>
<td>-.082</td>
<td>.766</td>
<td></td>
</tr>
<tr>
<td>Ethical Operation</td>
<td>.130</td>
<td>.276</td>
<td>-.053</td>
<td>.173</td>
<td>.614</td>
</tr>
</tbody>
</table>

¹. The logarithm is executed of all the variables in the table.

Among the RPB variables, duty and reward report the highest correlation, 0.487. This signifies that there is a certain degree of coherence between the two religious perspectives, and that the duty- and reward orientations are more closely related with each other than they are with the fatalistic perspective. The correlation between duty and fatalistic is very low, 0.034, and between reward and fatalistic slightly higher, 0.131.

Further, the over-claiming variable is negatively correlated with all the religious perspectives. The coefficients are weak, -0.011 with reward, -0.032 with duty, and -0.082 with fatalistic.

Ethical operation shows a positive correlation with the reward variable, 0.130, and with duty, 0.276, while negative with fatalistic, -0.053. Ethical operation is also positively correlated with over-claiming, 0.173. In general, all the correlations are below 0.5 and prove acceptability for the use of this study.

### 4.4 Test of hypotheses

Table 8 below shows the results of the hypotheses and the additional analyses. Brief conclusions will be provided in this section to declare whether the hypotheses of the study are supported or rejected.
Table 8: Results

<table>
<thead>
<tr>
<th>Explanatory Variables</th>
<th>Model 1</th>
<th>Model 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y Ethical operation</td>
<td></td>
<td>Charitable giving</td>
</tr>
<tr>
<td>Reward (RPB1)</td>
<td>0.001ns</td>
<td>-0.056**</td>
</tr>
<tr>
<td>Duty and calling (RPB2)</td>
<td>0.342***</td>
<td>-0.337***</td>
</tr>
<tr>
<td>Fatalistic (RPB3)</td>
<td>-0.019ns</td>
<td>-0.088**</td>
</tr>
<tr>
<td>RPB1*Business experience</td>
<td>-0.281***</td>
<td>-0.058**</td>
</tr>
<tr>
<td>RPB2*Business experience</td>
<td>0.317***</td>
<td>0.270***</td>
</tr>
<tr>
<td>RPB3*Business experience</td>
<td>-0.073**</td>
<td>-0.010ns</td>
</tr>
<tr>
<td>RPB1*Education</td>
<td>-0.057**</td>
<td>0.064**</td>
</tr>
<tr>
<td>RPB2*Education</td>
<td>-0.018ns</td>
<td>0.250***</td>
</tr>
<tr>
<td>RPB3*Education</td>
<td>-0.157***</td>
<td>-0.132***</td>
</tr>
<tr>
<td>Business experience</td>
<td>-0.139***</td>
<td>0.049ns</td>
</tr>
<tr>
<td>Education</td>
<td>-0.150***</td>
<td>0.116***</td>
</tr>
<tr>
<td>Hours of work</td>
<td>0.047ns</td>
<td>-0.038**</td>
</tr>
<tr>
<td>Type of business</td>
<td>0.136***</td>
<td>0.086**</td>
</tr>
<tr>
<td>Gender</td>
<td>-0.045ns</td>
<td>-0.035**</td>
</tr>
<tr>
<td>Over-claiming</td>
<td>0.151***</td>
<td>0.101***</td>
</tr>
<tr>
<td>R-square</td>
<td>0.189</td>
<td>0.228</td>
</tr>
</tbody>
</table>

*** = p < .01, ** = p < .05, ns = not significant
The VIF-values are given by the interval [1.1 - 6.7]

4.4.1 Ethical operation

Concerning the duty and calling perspective the first hypothesis posits the following effect on ethical operation:

*H1: The duty and calling perspective has a positive effect on the ethical operation of small third-world business enterprises*

Regression model 1 reports a positive significant effect of the duty and calling orientation (RPB 2) on ethical operation, thus supporting H1. The coefficient of 0.342 is significant at a 1% significance level. An increase of 1 in adherence to the duty dimension will correspondingly induce a lift of 0.342 in ethical business operation. This implies that entrepreneurs committing to the duty- and calling perspective manage their business with an amplified ethical concern.

The second hypothesis claims the opposite effects to be found with regard to the reward- and fatalistic orientations:
**H2:**  *The reward- and fatalistic perspectives have no or negative effects on the ethical operation of small third-world business enterprises*

In support of H2 the reward perspective (RPB 1) shows no significant effect on ethical operation. The coefficient is 0.001, denoting no coherence between being reward oriented and operating a business more ethically. Similarly, fatalistic orientation (RPB 3) exhibits a non-significant relationship to ethical operation. The coefficient is slightly negative, -0.019, however, not significant. Being fatalistic oriented does not lead entrepreneurs to operate their business more ethically.

### 4.4.2 Charitable giving

The third hypothesis encompasses the charitable aspect of third-world business operation and posits the following with respect to duty and calling orientation:

**H3:**  *The duty and calling perspective has a positive effect on the charitable giving of third-world business entrepreneurs*

Surprisingly, regression model 2 displays a strong and negative relationship between RPB 2 and ethical operation, thus rejecting H3. The coefficient is -0.337 and significant at a 1% level. The results reveal that more commitment to the duty and calling perspective make entrepreneurs in fact give less to charitable causes.

Lastly, no or negative effects are hypothesized towards providing charitable gifts when a business owner is reward- or fatalistic oriented:

**H4:**  *The reward- and fatalistic perspectives have no or negative effects on the charitable giving of third-world business entrepreneurs*

In support of H4, the table reports that RPB 1 and RPB 3 bring about negative and significant effects on the charitable giving variable. The coefficients are respectively -0.056 and -0.088 for RPB 1 and RPB 3, both indicating a significance level of 5 %. This implies that approaching a business with the reward- or fatalistic perspective lead to lesser amounts of charitable contributions.
4.5 Additional analyses

This section deals with the additional analyses of the study. These results are not directly traceable to the hypotheses, but they are still of interest to the research field. As shown in Table 8, the analyses also involved testing the effects of certain interaction variables on the dependent variables. Each of the RPB was combined with business experience and education, making up six interaction variables in total. The objective was to find out whether holding on to a combination of two relevant characteristics of business management would give other effects than when possessing a single characteristic. Additionally, it was of interest to see how the variables constituting the interactions would give similar or different effects from when they acted individually in the analyses. The findings related to the interaction variables will be provided first, followed by the findings concerning the six control variables of the study.

4.5.1 Interaction effects on ethical operation

*RPB (1-3) and business experience*

The interaction of RPB 2 and business experience demonstrates a strong and positive effect on ethical operation. The coefficient of 0.317 signals a significance level of 1 %. This suggests that a stronger dedication to the duty and calling perspective, in addition to possessing more years of business experience, entails improved ethical operation of third-world businesses. The effect of the interaction variable on ethical operation is therefore similar to the effect caused by RPB 2 when acting individually in the analyses.

Further, in combination with business experience, RPB 1 demonstrates a strong and negative effect on ethical operation. The coefficient is computed to -0.281, which indicates a 1 % significance level. Alike, the interaction between RPB 3 and business experience displays a negative relationship to ethical operation. The coefficient of -0.073 makes it significant at a 5 % level. The results implicate that the combination of being obedient to the reward- or the fatalistic perspective, together with being an experienced business entrepreneur, lead to a lesser ethically-operated business. Negative effects are caused by RPB 1 and 3 when interacting with business experience, whereas their individual performance indicated no significant impacts on ethical operation.
RPB (1-3) and education

When RPB 2 and education are interacted a non-significant coefficient of -0.018 appears. This suggests that commitment to the duty- and calling orientation together with more education are not related to enhanced ethical business operation. This contradicts the results from when RPB 2 acted individually, and from when RPB 2 was interacted with business experience, which both showed positive effects.

Moreover, both RPB 1 and RPB 3 obtain negative significant coefficients, -0.057 and -0.157 respectively, when they are interacted with the education variable. The strength of the coefficients indicates significance levels of 5 % (RPB 1) and 1 % (RPB 3). Likewise to the interactions involving business experience, these interactions show that loyalty to RPB 1 or RPB 3 combined with more education reduces the level of ethical business operation in the slums. Non-significant effects were found when RPB 1 and RPB 3 acted independently.

4.5.2 Interaction effects on charitable giving

RPB (1-3) and business experience

RPB 2 in combination with business experience indicates a strong and positive effect on charitable giving. The coefficient is 0.270 and significant at a 1 % level. More business experience together with RPB 2 consequently results in higher charitable contributions. This reveals an interesting aspect of the duty and calling perspective, since the effects were oppositely negative when RPB 2 appeared alone in the analyses. Increased business experience therefore may be an eye-opener for duty and calling oriented business managers when it comes to taking economic responsibility for people in need.

The interaction between RPB 1 and business experience reports a coefficient of -0.058, indicating a negative and significant relationship at a 5 % level. More experience in business combined with RPB 1 therefore seems to reduce the money donations to charity among third-world entrepreneurs. These results are in consonance with the effects of RPB 1 when acting individually, which were also negative and significant.

The combination of RPB 3 and business experience has no significant effect on charitable giving. The coefficient is -0.010 and indicates that being fatalistic convinced together with
increased business experience is not related to higher generosity. When RPB 3 acted alone in the analyses, the results brought about negative significant effects.

*RPB (1-3) and education*

The interaction between RPB 2 and education exhibits a strong and positive impact on charitable giving. The coefficient equals 0.250, which makes it significant at a 1 % level. This means that duty and calling oriented business owners who also possess more education, donate more money to people in need. Similarly as when interacted with business experience, RPB 2 now shows positive effects on charitable giving, in contrast to acting independently in the analyses, which caused negative significant effects. Education may therefore also be a factor that contributes positively to duty and calling oriented entrepreneurs in terms of making them more aware of their economic and social responsibility for the poor in their community.

RPB 1 and education also show a positive significant effect on charitable giving. The coefficient of 0.064 indicates a significance level of 5 %. This is the only positive significant result involving RPB 1 in the analyses and implies that more education makes reward oriented entrepreneurs care more for people in need by raising their donations.

Finally, the interaction variable compounded by RPB 3 and education turns out to be strongly and negatively related to charitable giving. The coefficient is -0.132 and significant at a 1 % level, proving that more years of education combined with fatalistic adherence leads to lower charitable contributions. The results are consistent with RPB 3’s individual performance. When RPB 3 was interacted with business experience the effect was not significant.

**4.5.3 Control variables**

As noted in the theory chapter there are several other factors, apart from RPB, that are likely to influence the ethical- and charitable behaviour of third-world business entrepreneurs. The results of the control variables are reported in Table 8 and will be presented in the following paragraphs.
**Business experience**

Regression model 1 shows that business experience is strongly and negatively related to ethical operation. The coefficient of -0.139 is significant at a 1 % level, demonstrating that more experience in business induce less ethically operated third-world enterprises.

In model 2, business experience displays a positive effect on charitable giving. Despite being very close, the coefficient is not significant (0.49). This suggests that there might be coherence between business experience and charitable giving. However, the evidence for the relationship is currently not strong enough.

**Education**

Education has a strong and negative impact on ethical operation, as noted in model 1. With a coefficient of -0.150, a 1 % significance level prevails, making higher education a determinant of impaired ethical business operation.

Model 2 conversely exhibits a strong and positive influence of education on charitable giving. The coefficient is 0.116 and significant at a 1 % level. The results reveal that more years of education lead to higher generosity among third-world business entrepreneurs.

**Hours of Work**

Both model 1 and 2 indicate that hours of work per day is not significantly related to neither of the dependent variables. However, the effects on ethical operation are positive, 0.047, and very close to being significant at a 5 % level. The impact on charitable giving is negative, -0.038, and likewise not very far from showing a significant relationship. The evidence is, nevertheless, not strong enough. The conclusion therefore follows that working more hours per day is not related to improved ethical- or charitable behaviour.

**Type of Business**

Type of business has positive significant effects on both ethical operation and charitable giving, as reported in the table. Concerning ethical operation, the coefficient is strong, 0.136, and significant at a 1 % level, and for charitable giving, 0.086, and significant at a 5 % level. Recalling from the methodology chapter that 1 was the equivalent of selling goods, and 2
was offering services, or a combination of goods and services. The results demonstrate that those who are involved with services are likely to operate their business more ethically and give more to charity than those who provide only goods.

Gender

Both models indicate no significant impacts of gender on any of the dependent variables. The coefficient is -0.045 with ethical operation and almost significant at a 5% level. The negative sign in front suggests that male entrepreneurs may be more ethical than their female counterparts in the operation of their business (1=males and 2=females). However, the evidence is currently too weak for proposing such a relationship. The coefficient related to charitable giving is -0.035 and not significant. Hence, at present no link can be asserted between gender-related differences and the dependent variables.

Over-claiming

At last, the results of the over-claiming variable constitute an important part of the analysis. Model 1 and 2 are consistent; over-claiming corroborates a positive and significant impact on both ethical operation and charitable giving. The coefficients are strong, 0.151 and 0.101 respectively, and prevail on a 1% significance level. Thus, there is a tendency among the respondents of claiming knowledge to nonexistent business terms.
5. DISCUSSION

The results of the previous chapter constitute the basis for the following discussion. The first section provides the theoretical implications of the findings, which involves comparing the results of this study to prior theory and explaining them. The second section discusses the managerial implications, which can be traced at two levels: management of foreign aid organisations and management of small third-world businesses. At last, the third section presents the limitations of the study, validity of the findings, and suggestions for future research.

5.1 Theoretical implications

Theoretical implications deriving from the results of the hypotheses are provided first, followed by the interaction variables and at last, the control variables. Implications concerning ethical operation are provided first in the sections, succeeded by those of charitable giving. Finally, a short summarization is offered.

5.1.1 Hypotheses

*Ethical operation*

The results supporting H1 indicate that a stronger commitment to the duty and calling orientation leads to an improved ethical concern in third-world business operation. These results are supported by previous theory, in which Weaver and Agle (2002) pointed out that sanctified work may lead to greater consideration and attention to ethical issues, because religion is then likely to represent an explicit part of one’s self-identity. Hence, when these business entrepreneurs truly believe that their work is sacred it becomes more important to them to manage their business ethically. McCullough and Willoughby (2009) further claimed that sanctified goals appear to generate more commitment, self-efficacy, and persistence than non-sanctified goals. As the owners perceive their business as a calling, the strong commitment may lead to a greater focus on their business in general, which make them see the need for operating their business within an ethical framework. The personal agency is high, meaning they put great efforts into their business. The motivation for success
is equally high, so they are more persistent in their work and do not give up easily when encountering obstacles.

The second hypothesis is also supported; the reward- and fatalistic orientations have no effect on ethical operation. The reward orientation makes the business owner direct his or her focus away from the business and towards the spiritual arena, as suggested by Supphellen, Haugland, and Oklevik (2010), which results in low personal agency within the business. Similarly, the fatalistic oriented exhibits low personal agency, in which the business owner is left passive to wait for God’s intervention, thus reducing the effort to operate a business in line with ethical guidelines.

Charitable giving

The results of H3 reveal that the duty and calling perspective, surprisingly, make business entrepreneurs take less economic responsibility for people in need. This is in contrast to prior theory, such as McCullough and Willoughby (2009) who set forth that sanctified goals generate more commitment and persistence than non-sanctified goals. Miller (1999, cited by Lincoln, Morrissey, and Mundey, 2008) further found that those who connected their giving to a sacred end and/or to a sense of social responsibility gave generously. The reason for giving was emphasized in previous theory, leading up to expecting positive effects on charitable giving when work gives a sense of higher purpose. However, a plausible explanation for the negative results can be that these entrepreneurs are so strongly dedicated to their work that they are more interested in investing profits in their own business in order to expand instead of donating to charitable causes.

H4 was supported, indicating that the reward- and fatalistic orientations lead to lower donations to the poor. Being reward oriented implies low personal agency in the business and a strong focus on the spiritual arena, which may make them overlook the social needs of the community. Through believing that God will provide them with financial rewards, they may see the need for their poor brother to turn more to God, instead of to their neighbour, to become prosper. By accrediting all events in life to a higher power, the fatalists similarly may trust God to take care of the poor in need and see it less as their responsibility.
5.1.2 Interaction variables

*Ethical operation*

If a business owner is both dedicated to the duty and calling orientation and possesses several years of business experience, he or she will run a business more ethically. Doing holy work over several years makes the owners increase their attention to ethics, which may come from understanding that ethics is necessary for a market to function, in addition to wanting to keep an honest profile before employees, suppliers, and customers in the market.

Further, business owners holding on to the reward- or fatalistic perspectives operate their enterprises less ethically if they additionally are experienced in business. As mentioned, these perspectives induce a weak sense of personal agency, which may become even more firmly planted in their way of thinking as they gain more experience in business. Only a more profound focus on God will give financial awards for the reward oriented, and the intervention from God is needed for the fatalistic oriented, independently of ethical business operation.

If a duty and calling oriented business entrepreneur holds a solid education no significant effects on ethical operation are found. Perhaps more years in school induce a perception that ethics only applies when the society is developed and one has the resources available for making ethical decisions. They may also be so concerned with working hard and accomplishing their calling from God that observance to ethical standards becomes of lesser importance.

When committing to the reward- or fatalistic orientation the level of ethical operation decreases as more years of education is achieved. Obtaining more knowledge does not seem to weigh up for the deeply rooted perspectives involving low personal agency and high confidence in God’s reward or willingness to bring success.

*Charitable giving*

Interestingly, when the duty and calling perspective is possessed by an entrepreneur who is also an experienced business practitioner, the effect conversely changes (compared to H3) to bring about a strong and positive significant effect on charitable giving. More experience in
business may have given the business owner more encounters with needy customers, and hence more time to get to know their situation and become more strongly related to them. This may lead to a greater ability to show empathy and identify with people. As McCullough and Willoughby (2009) stated, the personality traits “agreeableness” and “conscientiousness” are related to this ability and to self-control, which is likely to bring about positive effects on behavior, and thus on increased donations. Doing sanctified work for many years therefore seems to strengthen the ability to care economically for less-fortunate people in the community.

When the reward perspective is combined with more business experience, the donations decrease. Again, as the attention is directed towards the spiritual arena the entrepreneurs focus less on the life here and now, and by that may give less attention to people in need of economic help.

Fatalistic oriented entrepreneurs with several years of business experience induce no significant effect on charitable giving. Passivity indicates more waiting than acting, which may also affect fatalists in a learning process by decreasing the motivation for internalizing knowledge. No specific pattern can therefore be traced between the fatalistic perspective and the ability to take economic responsibility for others.

If a business owner is both duty and calling oriented and has a solid education it will strengthen his or her ability to care economically for people in need. The same was the case when duty and calling was combined with business experience, however, not when acting independently. Perceiving work as sacred may increase the motivation for incorporating knowledge, making entrepreneurs become more aware of their responsibility in the community. More education has also been related to higher donations (Van Slyke and Brooks, 2005).

Committing to the reward perspective also influences charitable giving positively when more education is possessed. One explanation for this effect is that a greater focus on God may make adherents listen more to His teachings, and more education may have developed a greater ability to internalize this knowledge which, in turn, increases the likelihood of behaving in compliance with these teachings.
Finally, being fatalistic oriented and educated reduces the ability to take economic responsibility for the community. A fatalistic view on life may lead to less willingness to absorb knowledge, and thus more credibility to higher powers is given, which to a greater extent is likely to make business owners reluctant to giving away what they themselves have received.

5.1.3 Control variables

Ethical operation

The results of the control variables report that more business experience leads to less ethically-operated third-world enterprises. This is in contrast with earlier research which asserted that an increased number of years in the work force were positively related to ethical perceptions (Kidwell, Stevens, & Bethke 1987). O’Fallon and Butterfield (2005) also found ethical decision-making to be positively influenced by work experience in several studies, indicating the opposite of this study. A plausible explanation can be that interaction with other business entrepreneurs bring awareness to the wide-spread unethical standards that are pursued in the market. Hence, the motivation for operating their business according to ethical guidelines might become low when nobody else is doing so. Additionally, when observing, over a longer period of time, that corruption and unethical behaviour is common at higher levels of governments, the business owner in the slum is likely to adopt this behaviour and try to guarantee his or her share like everybody else in the society.

Likewise, an increased number of years of education reduce the level of ethical operation in third-world businesses. Even though mixed results have previously been reported on this relationship, none bring about a negative significant impact on the ethicality variable. An explanation may be that the incentive for internalizing new knowledge is reduced as it turns out continuously that education does not take them anywhere. It does not make them more prosperous or bring them out of poverty. The motivation to follow taught ethical principles may therefore decrease. Alternatively, although they have perfectly internalized the ethical teachings, they may justify unethical business behaviour with the view that money is what will put Ugali on the table at the end of the day, and not ethics (Gichure, 2006).
Furthermore, *hours of work* per day have no effect on ethical operation. Hence, whether the business owners work long or short days do not interfere with the ethical decision-making related to their business. The coefficient however, is close to being positively significant at a 5% significance level, signaling there could exist a relationship. In this sense, longer days at work will contribute to a more ethically driven business. Maybe working longer days give the entrepreneurs an amplified perspective on business management. As they are more involved with customers, competitors, suppliers, and in general devote more time to their business and the market in which they operate, it may make them aware of the importance of pursuing ethical principles. O’Fallon and Butterfield (2005) referred to employment as positively associated with ethical decision-making in 12 of 18 studies, which can partially support a positive relationship. Nevertheless, employment is not the equivalent to hours of work, and the evidence is currently too thin to draw any conclusions. More research is needed on this variable.

The results of *type of business* imply, as expected, that those who to a greater extent are involved with customer interaction display higher ethical concerns than those who limit their business to the sales of merely goods. As they get to know their customers better they may want to keep an honest profile before them and build a positive reputation in the market. Prior research do not support nor contradict these findings.

*Gender* indicates no differences between males and females concerning ethical business operation. This is supported by previous theory, by which neither Kidwell, Stevens, and Bethke (1987) nor McDonald and Kan (1997) found any differences between men and women regarding ethical perception. Nonetheless, the coefficient is close to being negatively significant at a 5% level, indicating that males may be more ethical than females. Few studies are in support of this finding. When differences are found, it is usually women who are observed with better ethical attitudes. A possible explanation for this can be that women carry the main responsibility of the family and therefore have more duties related to children, cooking, and cleaning in the house. This takes time away from their business. As men are more able to dedicate time to their business, they have more time to consider ethical issues that arise in their business compared to their female counterparts. However, for the time being no significant gender-related differences can be asserted.
Lastly, as expected, the results reveal *over-claiming* among the business owners. They seem to self-enhance when answering questions about their ethical behaviour, which means ethical operation is exposed to social desirability responding.

*Charitable giving*

Concerning charitable giving, the results of the control variables demonstrate that *business experience* is not significantly related to charitable giving. The coefficient is, however, very close, 0.49. Kidwell, Stevens, and Bethke (1987) found that more years in the workforce were positively related to ethical perceptions. This was also supported in the review of O’Fallon and Butterfield (2005). The positive direction is in line with previous research, although the evidence is currently not strong enough to claim a significant relationship.

*Education* shows a strong and positive significant impact on charitable giving, indicating that education strengthens the ability to take economic responsibility for people in need. This is supported by Van Slyke and Brooks (2005) who referred to several surveys with the conclusion that an increase in educational attainment will lead to increased donations. Previous research is, nevertheless, inconsistent in this matter. Regnerus, Smith, and Sikkink (1998, cited by Lincoln, Morrissey, and Mundey, 2008) reported a non-significant relationship, which means that no clear coherence between education and charitable giving is given.

Both *hours of work* and *gender* have no significant effects on charitable giving. Previous research found that employment was positively related to ethical decision-making (O’Fallon & Butterfield, 2005). Since hours of work is not the equivalent of employment more research is needed to confirm this non-significant relationship. Research on gender, however, supports this study’s results of non-significant effects. Both Kidwell, Stevens, and Bethke (1987) and McDonald and Kan (1997) reported no difference in ethical perception of female and male managers.

*Type of business* declares a positive and significant impact. Service-related businesses have higher charitable donations than businesses based exclusively on products, which presumably emerge from the fact that they are more exposed to customer contact. Higher
involvement with customers consequently seems to strengthen the ability to care economically for the community or people in need.

Lastly, over-claiming is strongly and positively associated with charitable giving. This means there is a tendency among the entrepreneurs to overstate their responses when reporting their monthly donations, thus confirming the variable to be socially sensitive and necessary to be taken into consideration.

### 5.1.4 Summing up

In total, the fatalistic orientation provides negative or non-significant influences on the dependent variables in all occasions where it is included. This signalizes the strong effect fatalism can bring about. The passivity seems to dominate and override other influences, indicating that an entrepreneur’s business operation will be heavily and negatively influenced if committing to this view.

The reward perspective show similar results. Only the interaction with education reports positive effects on the dependent variable, charitable giving. The rest of the cases indicate negative or no impact on both ethical operation and charitable giving. The sweeping negative results implicate the same as for the fatalistic view; commitment to this perspective is dominant and is likely to induce negative effects for both the business operation and the community.

The duty and calling orientation conversely exhibits an overweight of positive effects on ethical operation and charitable giving, by which four of six cases reveal positive significant relationships. One case showed no significant effect and one a negative significant effect. Based on these results it is accurate to posit that perceiving work as a calling directs the business owner’s attention towards ethical aspects of business operation and is favourable for both the entrepreneur himself and the community in which he operates.

The results therefore indicate, as first remarked by Supphellen, Haugland, and Oklevik (2010), that religion can be both opium and a blessing for businesses in the Third World, depending on which religious attitudes the entrepreneurs’ possess.
5.2 Managerial implications

The state of world poverty today tells us that we need more knowledge about where to invest our resources in order to generate growth and development in the third world. Microfinance loans have for some years now been considered the holy solution to achieving poverty alleviation. However, it turns out that few small third-world enterprises manage to expand to the extent that they become part of the formal economy. As Supphellen, Haugland, and Oklevik (2010) pointed out, most businesses stop growing once the owner is able to provide for his or her own family. Many also go bankrupt. This implies that increased attention should be given to the kind of business skills that are determinant for success in third-world business operation. This study has sought to address such critical skills, through ethical operation and charitable giving, which brings about managerial implications traced at two levels. First, the results may prove important for developed countries and their corresponding foreign aid organisations concerning resource allocation. Second, they induce implications for the management of the small third-world enterprises. The next sections will consider these implications in closer detail.

5.2.1 Resource allocation in developed countries

The results indicate that when entrepreneurs view business as calling and feel a duty to use their talents and abilities in business, they are more concerned with the ethical aspects of business operation. Concern for charitable aspects is also shown when business experience or education is possessed simultaneously. For this reason it is of interest to replicate the way of thinking that is promoted in the duty and calling orientation in other third-world areas, in order for more entrepreneurs and communities to be advantaged the effects of committing to these attitudes.

Public administration in developed governments and foreign aid organisations may play an important role in stimulating this development. Investing in projects which set forth the advancement of the duty and calling perspective in the third world can represent a way of allocating resources efficiently. Such an investment makes the recipients active, instead of passive, by which they focus on changing attitudes instead of solely providing finances. Promoting duty ethics and the way of thinking that, according to Weber, was an important
factor for the prosperity the Protestant business men experienced in earlier times, may also today prove to be an important factor for creating growth and alleviating world poverty. However, it should be noted that the duty and calling focus is not exclusive for Protestant Christianity. Many religions and spiritual denominations emphasize the importance of duty ethics and calling in work, which implies that similar effects can be found across several cultures and religions.

Even though this study has not shown that ethical operation and charitable giving are related to increased sales and profits, it is nevertheless desirable to build up ethically-driven businesses that take social responsibility in the community. This because we know from the industrialized world, that ethics and CSR are important factors in the long run for sustainable companies. We wish for the third world to know proper business ethics before entering the secular society. As developed countries already carry the capital and resources, we may therefore play a major role in promoting the duty and calling perspective in business operation located in the third world.

5.2.2 Recruitment to small third-world enterprises

The second level of managerial implications regards the recruitment of employees to small third-world enterprises. As religious attitudes towards business turn out to be decisive for ethical- and charitable behaviour, it is desirable to inspire to the duty and calling orientation also among the employees of an enterprise. Engendering a business culture based on performing sanctified work may induce positive spillover effects for a business located in the slum, and also for the community in which it operates.

The owner of the business will subsequently play a major role in encouraging this way of thinking. While it is risky to conduct a selection process of employees based on their religious attitudes, the business culture evidently plays a major role in order to be successful in business and should be called attention to in the Third World. The smaller the business, the more important the business culture, and the easier it is to influence it.
5.3 Limitations and future research

5.3.1 Limitations

First, it should be noted that the sample of this study was drawn from only one slum area in the Third World. This limits the possibility to conclude on the findings across several poor areas that are under similar religious influence. However, the demonstrated effects give us an idea of how religious perspectives on business can influence a developing society, which proves useful for further efforts in the field.

Second, the religious perspectives on business were constructed from a Christian viewpoint, testing Christian attitudes towards business, which omits insight into effects derived from other religions. A third limitation is that few surveys of this kind have been conducted in the Third World, which implies a lack of appropriate methods for measuring the religious attitudes and behaviour of business entrepreneurs located in these areas.

Fourth, the study examined ethical attitudes and not the actual behaviour of the respondents. Attitudes and intent do not necessarily accord with behaviour. Unfortunately, using a questionnaire survey, as was done in this study, limits the possibility of measuring actual behaviour. Therefore, analysing attitudes will be the best indication of how the respondents would act in a real situation.

Fifth, the ethicality construct consisted of three statements, although theory suggests using scenarios or descriptive situations in order to provide more background information on the ethical dilemma presented.

A final limitation was that the questionnaires were not answered anonymously, as the respondents had to report his or her answers to another person. Self-reporting and anonymity are preferred, according to theory, to avoid social desirability responding. Since many of the people living in the slums were illiterate, this was considered one of few possible ways of conducting the survey. On the other hand, the personal interview method had an advantage in that respondents were able to ask questions if they were doubting things or did not understand. Ambiguities between interviewer and interviewee could therefore be solved easier, as noted by Supphellen, Haugland, & Oklevik (2010).
5.3.2 Validity

Validity says something about how credible and relevant the data material is; thus, how well the data actually represents the population we are examining (Johannessen, Tufte, & Kristoffersen, 2005). The four main types of validity are statistical conclusion validity, internal validity, construct validity, and external validity (Cook & Campbell, 1979). Internal validity will, however, not be discussed as it is not relevant for cross-sectional surveys (Johannessen, Tufte, & Kristoffersen, 2005).

Statistical conclusion validity relates to the use of statistics to conclude whether the presumed independent and dependent variables covary. Based on a specified significance level, \( \alpha \), and obtained variances it is possible to make statistical inferences about whether the presumed cause and effect covary and how strongly they covary (Cook & Campbell, 1979).

In this survey, H1 was supported at a significance criterion, \( \alpha \), of 0.01, which indicates a high probability of having made the correct conclusion about a positive relationship between the duty and calling orientation and ethical operation. The same criterion was present when rejecting H3. H2 was supported based on non-significant coefficients, while the results supporting H4 indicated a criterion of 0.05. In general, the significance levels indicate satisfactory probability of having made correct inferences about the relationships. The sample of 143 respondents is also adequate with respect to the statistical methods used. In total, the statistical conclusion validity of the results gives an acceptable statistical basis for the conclusions made in the study.

Construct validity refers to how accurately the independent and dependent variables measure the intended research field (Judd, Smith, & Kidder, 1991). The measurement methods must, in other words, reflect the core of what is investigated in the study.

All the independent variables in the study involved stating facts about oneself or one’s business, such as gender, years of business experience, and hours of work per day, which corresponds to precise measures of the information that is desired to be intercepted. Regarding the dependent variables, ethical operation was compounded by three items, which strengthens the variable as it intercepts different aspects of the ethical dimension. Charitable giving consisted of one simple fact question, the amount of donations the last month, which
is a precise measure. The construct validity is therefore satisfactory, since both the independent and dependent variables to a high extent measure what we intend to examine in the study.

*External validity* concerns the degree to which it is possible to generalize the results to the population being researched (Judd, Smith, & Kidder 1991). Johannessen, Tufte, and Kristoffersen (2005) suggest certain assumptions to be considered in this matter. First, the sample must be representative for the population through a high response proportion. Second, it is important to determine whether the results can be applied to other areas or populations. Third, repeating the survey in the same area at different points in time strengthens the external validity.

First, the final sample consisted of 143 respondents, whereas the objective was 140. Some questions in the questionnaire remained unanswered by some of the respondents, but the share was low and did not induce significant problems in the analyses. The sample is therefore considered representative of the population. The population in this study is Christian third-world business entrepreneurs operating in the slums of Nairobi, Kenya.

Referring to the second assumption, the majority of the Kenyan population is Christian, and a large proportion is living in the slums or under poor conditions, which corresponds to the circumstances of this study. It is therefore adequate to apply the results to other parts of Kenya, especially the poor areas. This, despite of the fact that some tribes are known for doing well in business, while others are considered lazy and as taking less initiative. The sample is likely to represent business entrepreneurs from several tribes, which makes it reasonable to conclude on a satisfactory external validity concerning third-world Kenya. Furthermore, to apply the results to other countries, they must hold similar characteristics to Kenya. Third-world countries under major influence of the Christian faith are abundant on the African continent, which may make the results applicable to areas beyond the Kenyan borders. Country-specific characteristics and cultural factors can, however, be a limitation.

Third, this was a follow-up study based on the survey of Supphellen, Haugland, and Oklevik (2010). The studies were conducted in the same area eight months apart, and several of the results from the first study have been confirmed in this study. Altogether, the external validity of the results meets the standard.
5.3.3 Future research

A main purpose of this research project has been, as declared by Supphellen, Haugland, and Oklevik (2010), to inspire a new wave of management research within the field of poverty alleviation and development. The fact that most third-world businesses go bankrupt while a minority prospers to become part of the formal economy demonstrates the need for further research on business management in poor areas. Particularly, which qualities and skills are critical in order for a third-world business to succeed? At present, there is a lack of knowledge regarding this, and it has become apparent that access to micro credit loans for many entrepreneurs is not enough to engender growth in their business.

This study has examined the effects of religious perspectives on business towards two determinants of third-world business management: ethical operation and charitable giving. Future research should investigate how these variables, in turn, are related to sales and profits. Will an entrepreneur’s degree of ethical operation and willingness to take economic responsibility for others be rewarded with higher profits? Or does it, on the other hand, pay off to pursue unethical short-cuts and keep the income to oneself?

Moreover, there is a quest for developing better methods for measuring effects in poor areas. Current research methods are mainly based on literate and educated respondents from Western countries, whereas illiterate and less-informed third-world entrepreneurs would have fewer prerequisites for participating in these kinds of surveys. We must therefore make use of methods that facilitate the participation of these respondents and at the same time intercept the desired information.

At last, future research should focus attention on local culture and tradition. More knowledge is needed on how other cultural variables, in addition to religion, are likely to influence the management and outcomes of third-world enterprises. Surveys across other religions, areas, and countries should also be conducted to determine the consistency of the results and strengthen the external validity.
References

Articles


**Books**


Appendix

Interviewer questionnaire

1. Purpose

The purpose of this study is to learn about business life and business people in the slum areas of Nairobi. The research is undertaken by a research institution in Norway.

2. Anonymity and honesty

We will not write down your name, we are only interested in learning about your experiences as a business man/woman in this area.

Please answer as honestly and correctly as you can on all questions. Some questions can be difficult to answer. Please give your response anyway. Even an uncertain response or a qualified guess is interesting for us.

Please feel free to stop us or ask questions.

3. About your business

3.01. How many businesses do you currently own – fully or partly? ______________

3.02. What kind of business(es) do you own – fully or partly?

a. Fresh food products
b. Other consumer products

c. Mix of food and other consumer products
d. Services (barber, repair, household, etc.)
e. Other

3.03. About how many different products/services do you sell? ______________

3.04. How many of the products you sell do you produce yourself? ____________

3.05. How many businesses have you owned previously – fully or partly? ____________

3.06. For how many years have you been in business, that is, for how many years in total have you been selling products/services? ________________

3.07. How many of your previous businesses – fully or partly owned by you - were closed down, or changed location, because of low profits? ________________

3.08. Total sales (all current businesses), the last month _______________ (shillings)
3.09. Total costs (purchase of products, rent, boards, etc., all current businesses), the last month __________ (shillings)

3.10. When you sell your major products/services, how much out of 100 shilling do you normally earn (sales minus costs)? __________

3.11. Number of people working regularly in your business(es), last month ________

3.12. How many of these were family members/relatives? __________

3.13. Size of current total loan from Jami Bora ______________ (shilling)

3.14. How many loans have you received from Jami Bora, including the one you have now? __________

3.15. Have you given (donated) to churches, aid organisations, or directly to people in need - other than family members – the last month? If yes, how much in total the last month? __________ (shilling)

3.16. About how many out of 10 customers buy from you on a regular basis? ________

3.17. About how many out of 10 customers are people you know personally? ________

3.18. About how many out of 10 customers are people you know from church (your church or others)? ________

3.19. How many of your suppliers (people you buy from) do you know personally? _____

3.20. How many of your suppliers (people you buy from) do you know from church (your church or others)? _____

4. **Self efficacy and locus of control**

Please give your response to the following questions using the scale you have in front of you (explain the scale properly beforehand).

Scale: 1= completely disagree  
2= somewhat disagree  
3= neither agree or disagree  
4= somewhat agree  
5= completely agree

The scale descriptors (not the numbers) are to be written on a paper which the respondent can have in front of him when answering the questions. NB: Explain the scale and give examples. Respondents give their response by **saying out loud their opinion** (e.g. “somewhat disagree”). Underscore that there are no false or correct answers and that people normally disagree on some issues and agree on others. Respondents are encouraged to use the whole scale. The interviewer records the responses (numbers 1 - 5).
4.1. I am quite confident that I will succeed with my current business
4.2. I have the skills needed to succeed with my business
4.3. I believe that I am capable of earning good money on my business
4.4. I believe that success in business is determined by how hard I work
4.5. Succeeding in business is largely a matter of luck
4.6. Business is mainly a gamble
4.7. Success in business is largely outside my control

5. **Vision and plans (same scale)**

4.1. I have a clear picture of what my business looks like in three years time
4.2. I often think about how my business should grow in the future
4.3. I have developed a plan for how to run my business in the next three years
4.4. I have specific goals for my future business

6. **Religious perspective on business (same scale)**

6.1. **Predestination**

1. If I succeed with my business, that would be a signal of God’s acceptance of me
2. If my business fails, this would mean that I am not destined for salvation
3. Business success is a sign of being chosen by God

6.2. **Reward orientation**

1. If I submit my life completely to God, he will reward me
2. If I believe strongly enough, God will give me success in business
3. God rewards a humble business man with financial success

6.3. **Duty & calling orientation**

1. Because of God’s grace, I feel obligated to exploit my talents and work hard
2. Because God has saved me, I want to bless other people through my business activity
3. I believe that God has called me to use my talents in business

6.4. **Fatalistic orientation**

1. When somebody succeeds with his business, it is not because of his talents and abilities, but only because of God’s grace
2. Business success has little to do with my own abilities
3. My effort in business is not crucial, I just need to wait for God to make my way
7. Religiousness (same scale)

1. I feel a close relationship to God
2. I have a strong sense of God’s presence in my life
3. God is like a close friend to me

8. Internalisation (same scale)
   Why are you a business man/woman?

   *I do business/I am a business man/woman because*

   a. I want my friends to think well of me
   b. I want people to look up to me
   c. I would feel bad about myself if I didn’t
   d. That is the rule around here
   e. I’ll get trouble if I didn’t do business
   f. I just have to - in order to survive
   g. It is personally meaningful to me
   h. I feel it is the right thing for me to do
   i. I feel it is important to me
   j. I feel that I was meant to be a business man/woman
   k. It is fun to do business
   l. It is exciting
   m. I enjoy it

9. Ethical operation (same scale)

9.1. In operating my business, I feel that fairness and honesty is more important than profits
9.2. What is most important is that I operate my business in an ethical way regardless of whether this produces success or not.
9.3. I do not exploit opportunities to earn money if that means I have to do unethical things

10. Market knowledge and market orientation (same scale)

   a. I have in-depth knowledge of what my customers want
   b. I have good knowledge of why the customers buy my products/services
   c. I have good knowledge of what the customers consider to be the strengths and weaknesses of my products/services
   d. I have a clear picture of the groups of people that are most likely to buy the products/services I sell
   e. I have good knowledge about the prices other providers charge for the same products/services that I market
   f. I know what alternatives people consider to my own products/services
g. I know how to present my products/services in order to attract customers
h. I know which are the best places to sell my products/services
i. I actively try to learn about how customers perceive market offerings
j. Based on what I learn about the customer, I often change the way I do my business
k. Based on what I learn about my competitors, I often change the way I do my business
l. It is important to me to learn more about how to run my business effectively
m. I often seek advice from more experienced business people
n. I try to learn from the example of successful business people

11. Network ties

As a business man/woman you may get in contact with many different people. I will now list different people you may be in contact with. How often did you have personal contact with the people listed the last month? (If they had contact with more than one person in a category, pick the one they had most frequently contact with)

a. Owners of other businesses in the slum (number of times)
b. Business people outside the slum
c. Owners of supplier businesses
d. Local political leaders
e. Pastors of local churches
f. Officials in aid organizations
g. Officials in banks or credit providers
h. People with knowledge of the law

12. For the statistics

a. Age
b. Gender a.Male b.Female
c. About how many hours a day do you typically work on your business?
d. About how many hours a day, if any, do you typically work for others?
e. How many meals do you typically have in a day?
f. Social status
   5.Number of children
   6.How many of them attend, or have attended, primary school?
   7.How many of your children attend, or have attended, secondary school?
g. Religious affiliation
   1.Christian
   2.Muslim
   3.Hindu
   4.Other
   5.None
h. Formal education. Number of years at public or private schools (explain that only focus on formal education at an official school) ________

i. Have you ever had any leadership responsibility in a church or in the local community? Yes ___ No ___

j. Have you ever heard about the person Hans Nielsen Hauge? Yes ___ No ___

k. How many other banks or credit providers than Jami Bora have you ever received credit from? ______

l. Business training. Have you received any business training? Yes__ No___
   i. If yes, about how many days of training? __________
   ii. How many times, if any, did you attend a service at a church last month? ______
   i. 9.15. If attends church: Is the church you normally attend a member of the All Clergy Network? Yes ___ No ___

m. About how many times a day, if any, do you typically pray to God?____

n. Have you learnt to read? Yes ___ No ___
n.2. If yes: Do you have a Bible, parts of the Bible, or other religious literature in your possession? Yes___ No___

n3. About how many minutes a day do you typically read this literature? __________

o. How much do you pay each month for housing (rent)?_______ (shilling)

13. Finally some questions about some business terms/words. We would like to hear how well they know the meaning of these terms/words. Use the following questions scale (explain the scale properly beforehand):

Scale: 1= don’t know this term at all
       2= know it a little
       3= know it fairly well
       4= know it well
       5= know it very well

The scale descriptors (not the numbers) are to be written on a paper which the respondent can have in front of him when answering the questions. NB: Explain the scale and give examples. Respondents give their response by saying out loud their opinion (e.g. “know it a little”). The interviewer records the responses (numbers 1- 5) below.
How well do you know what these business terms mean:

a. Income
b. Positioning
c. Profit
d. Shadow product
e. Money line
f. Blind market

Thank you!