

Measuring Consumer Perceptions of Business Ethical Behavior in Two Muslim Countries

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ABSTRACT. After measuring consumers' sentiments toward business ethical practices in mostly Christian countries, the Business Ethics Index was expanded to two Muslim countries – Turkey and Egypt. The overall BEI for both countries was on the negative range, with Egypt exhibiting the widest gap between personal ethical perceptions and vicarious ones. No difference between genders was observed.

KEY WORDS: business ethics, consumer sentiments, Business Ethics Index, Islam, Turkey, Egypt

Introduction

The question whether religion influences ethical behavior does not have a clear answer. According to the “theory of rationalization,” “every major religious group develops its own distinctive orientation toward all aspects of life, and that these orientations profoundly influence the daily actions of its adherents” (Lenski, 1963, p. 7, as quoted in Rawwas et al., 2006). On the other side, the theory of the “sacred canopy” argues that the materialism influencing most modern societies has loosen the grip of religion on most aspects of human life (Gorski 2000).

The Business Ethics Index (BEI) has measured consumer perceptions of business ethical behavior in predominantly Christian countries (USA, UK, Germany, Spain, Russia, Romania, Poland), Buddhist and Shintoist country (Japan), and Buddhist and Hindi (India), (Tsalikis and Seaton, 2007a, b, c, d; Tsalikis et al., 2007). The logical next step was to expand the BEI to Muslim countries. Muslims represent approximately 25% of the world population and are currently on center stage of world affairs with the oil reserves, the war in Iraq,

Iran's nuclear ambitions, and the continuing strife between Palestinians and Israelis. The countries chosen were Egypt and Turkey because both are more than 90% Muslim and are among the most populous countries in the Muslim world (see Table I). It should be clear that in no way do we imply that these two countries are representative of the Muslim world.¹ On one hand, Turkey is one of the most secular of the Muslim countries. On the other hand, Islam is not a cohesive religion with the schism between the Sunni and Shiites among many other forms of Islam.

Islamic philosophy

In the core of Islamic belief is that people are accountable to God and their behavior and deeds in this life will affect their treatment in the afterlife. As Rice (1999) puts it: “Muslims behave in a particular way because they believe their actions implement the commands of God” (p. 379).

Muslims believe that the Qur'an (Gods revelation to Muhammad), the Sunnah (the recorded sayings and behavior of Muhammad), and the Shari'ah (Islamic law) provide the answers to all ethical questions (Rice, 2006). In addition, Abbasi et al. (1989) argue that Islam provide guidelines for the ethical behavior of all aspects of life including business. For example, in a similar tradition of Kosher foods, Muslim Malaysian consumers prefer to buy “halal” products; products free of pork and alcohol. In addition, “halal” products are marketed as having been handled and distributed by Muslims.

The Qur'an, the Sunnah, and the Shari'ah provide ethical guidelines derived from the concepts of Unity (tawhid), Justice (adalah), and Trusteeship

TABLE I
Economic/demographic characteristics

Country	Population (in millions)	GDP ^a (in millions)	GDP/ Capita ^a	CPI ^b
Turkey	70	\$569,248	\$7,950	3.5
Egypt	65	\$305,255	\$4,317	3.4
USA	301	\$12,277,583	\$41,399	7.6

^aPPP, International Dollars (2005).

^bCorruption Perception Index (10-point scale where 10 is least corrupt).

(khilafah) (Rice, 1999). The concept of “unity” implies an equality and a brotherhood among people leading to a cooperation and equal partnership in business transactions. The concept of “justice” forbids usurious dealings, and demands that Muslims do not cheat or lie and uphold promises and business agreements. The concept of “trusteeship” is a similar idea to sustainable development, where luxurious and conspicuous consumption is discouraged.

It is a common misconception in Western cultures that Islam is contrary to business activities.² In reality, Islam considers business as a useful social function and Muhammad himself was involved in trading (Rice, 1999). However, unlike capitalism, individual profit is not the main motivator in Islamic law. Entrepreneurs should also be guided by social concerns. According to Rice, “Islam condemns the evils of greed, unscrupulousness and disregard for the rights and needs of others” be them Muslim or not. In addition, unlike most western cultures, in Islam, ethics dominates economics. This means Muslims pass their business actions through a “moral filter of Islamic values.”

While the Qur’an is a major influence of the written laws including business law, the application of these principals in practice is questionable. According to Mullin Marta et al. (2004), “there is a degree of divergence between the Islamic teachings (ideal) and business practices (reality) in the economic life of some Islamic countries” (p. 55). Rice (1999) quoting Naqvi (1981) argues that: “the artificial symbiosis of Islamic ethical beliefs and ‘alien’ socio-economic philosophies and systems has led to the emergence of bifurcated societies promoting schizophrenic behavior both at the individual and collective level” (p. 352). This gap between

philosophy and practice is attributed to (a) economic hardship, (b) an inferiority in Arab thought instilled by the colonial powers, and (c) the creation of artificial nation-states by the same powers (Rice, 1999).

This bifurcation was expressed in the findings of Graafland et al. (2006). Graafland et al. found that while Muslims attach high weights on some aspects of Socially Responsible Business Conduct (SRBC), they do not apply these principles in practice. Moreover, as in Christianity, where the rodent capybara was classified as a fish by the Pope so it could be eaten during Lent, Islam can circumvent Islamic law by using “creative” definitions. For example, Tsuruoka (1993) reported on a Muslim business in Malaysia where the profits were reinvested in the business in the form of interest free loans to its distributors. However, all borrowers “elected” to make “gifts” to the lending company (up to 10% of the principal) as an appreciation for the financial assistance. This act was justified by the argument that the profits “should be given back to the people” (Tsuruoka, 1993, quoting a former member of Malaysia’s Ministry of Agriculture).

The instrument

Given the primary focus of the BEI on longitudinal knowledge of consumer ethical perceptions, the same four items will be used in all subsequent measurements (see Exhibit 1). The original English version was back-translated by the contracted marketing research companies into Turkish and Arabic. Back-translation is utilized to check the validity of the instrument (Werner and Campbell, 1970). The data were gathered in the Spring of 2007.

Population definition and sampling

Turkey

TNS PIAR runs a face-to-face pen and paper omnibus survey of 2000 Turkish nationals. The survey is nationally representative of 18+ aged men and women living in 18 Turkish provinces (both urban and rural). According to the TNS PIAR, the sampling process is as follows:

1. Region (pre-determined): All geographic regions and Metropolitan cities.

EXHIBIT 1

Questions comprising the Business Ethics Index

 Personal/past

Q1. Based on your own experiences as a consumer in the past year, businesses you dealt with generally behaved:

Very unethically	Somewhat unethically	Neither nor	Somewhat ethically	Very ethically
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Vicarious/past

Q2. Based on what you heard from others or the media in the past year, businesses behaved:

Very unethically	Somewhat unethically	Neither nor	Somewhat ethically	Very ethically
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Personal/future

Q3. Based on your own experiences as a consumer last year, do you expect businesses in the coming year to behave?

More unethically	About the same	More ethically
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Vicarious/future

Q4. Based on what you heard from others or the media last year, do you expect businesses in the coming year to behave?

More unethically	About the same	More ethically
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2. Provinces (pre-determined): 18 most populous cities, which are regionally representative.
3. Districts within cities (selected randomly by using Census, 2000 data).
4. Streets or equivalent units-Sampling Points (selected randomly by using the database of "Values of Real Estates and Vacant Lots" published in 2002).
5. Households (selected by walking on a pre-determined route or street).
6. Respondents within households (Respondents are selected by quotas using age, gender, social status, working status, and residential area variables).

Computation of the BEI

All BEIs are calculated using the same formula used in the calculation of the 2006 US BEI (Tsalikis and Seaton 2007a). The BEI for Turkey and Egypt are³:

$$\text{Turkey} = 80.2$$

$$\text{Egypt} = 81.7$$

Based on the formula for the BEI, numbers below 100 indicate consumer sentiments leaning toward an unethical business perception. The BEI for both Turkey and Egypt are well into the unethical region of the scale. A comparison of the above BEI together with the BEI of US 2006 is presented in Figure 1.

Egypt

SYNOVATE runs face-to-face interviews in the respondent homes using paper and pencil. The sample is a nationally representative sample of 1100 males and females aged 16–59 years of all socio-economic classes. The sample covers both urban as well as rural areas in Cairo, Alexandria, Upper Egypt, Delta, and the Canal zones.

Results*Respondent characteristics*

The respondent characteristics for the two countries are presented in Table II.

Analysis of the individual index components

In order to provide a more detailed picture of the consumer sentiments, each of the four components of the BEI are reviewed separately. A Business Ethics Index Component score ($BEI_{\text{component}}$) was calculated for each of the four BEI components. The results for the two countries and the 2006 US BEIs are presented in Table III and in Figure 1.

Turkey shows a consistent unethical perception throughout all the four index components. Egypt on the other hand exhibits a positive perception on the $BEI_{\text{personal/past}}$ component (104.2) followed by a precipitous fall to the negative side when it comes to the vicarious/past component (43.7). Apparently, Egyptians perceive unethical activities happening all

TABLE II
Demographic characteristics

	Turkey (%)	Egypt
Gender		
Male	47.1	49.7%
Female	52.9	50.3%
Age		
15–19	6.6	35.3% (15–24)
20–29	29.0	25.8% (25–34)
30–39	22.8	20.1% (35–44)
40–49	17.4	14.6% (45–54)
50–59	13.5	4.2% (55+)
60+	10.7	
Education		
No education	11.3	20.3%
Elementary	44.4	6.6%
High school	37.1	46.6%
College	7.1	25.0%
Graduate	0.1	0.5%
Residential area		
Urban	65.8	
Rural	34.2	

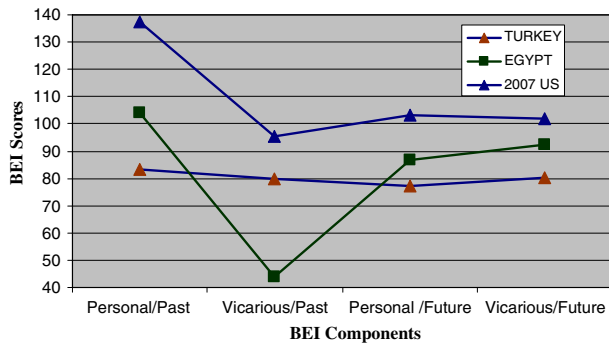


Figure 1. BEI component scores.

around them, but they think these activities do not effect them personally. In addition, Egypt seems less pessimistic about the future ethical behavior of businesses as indicated by the gap between vicarious/past and vicarious/future.

Effects of demographic variables on index components

None of the demographic variables measured had a significant effect on the BEI and its components. Of special interest was the relationship of the BEI and gender. While Ekin and Tezolmez (1999) found

TABLE III

Business ethics component scores for the four index variables

	Turkey	Egypt	US 2007
BEI	80.2	81.7	109.5
BEI _{personal/past}	83.3	104.2	137.6
BEI _{vicarious/past}	80.0	43.7	95.6
BEI _{personal/future}	77.4	86.7	103.1
BEI _{vicarious/future}	80.1	92.3	101.8

BEIs over 100 indicate positive consumer sentiments while BEIs under 100 indicate negative consumer sentiments.

that Turkish female managers exhibited a higher ethical sensitivity than male managers, Ergeneli and Arikan (2002) did not find any significant differences on the ethical perceptions of Turkish male and female salespeople. The present study found no significant effect of gender on the BEI.

Open-ended question

In addition to the four main questions comprising the BEI, four open-ended questions were asked:

What particular ethical behavior did you personally experience as a consumer?

The other three open-ended questions used the permutations of ethical/unethical and personally experienced/heard from others or the media. The verbatim were translated into English by the research companies gathering the data and coded by the researchers. Due to a miscommunication with the Turkish marketing research company the open-ended questions were not gathered in a usable format and will not be reported in the present study. The results for Egypt are presented in Tables IV and V along with the 2007 USA results for comparison reasons. The intercoder reliability was estimated at 87% which is acceptable in this type of research (Lombard et al., 2002).

Overwhelmingly, Egyptians perceived a business as behaving ethically when they were courteous and polite toward them personally. When it came to vicarious experiences, Egyptians rated the “accepted returned items” as the highest determinant of

TABLE IV
Open-ended questions: ethical behavior

	Egypt		2007 USA
	Personal	Vicarious	Personal/ vicarious ^a
Total comments	642	13	36
Service (%)			
Good service			19.4
Courteous/nice/polite	32.6	23.1	13.9
Other			5.6
Product (%)			
Good/quality product	9.8		2.8
Accepted returned items	14.8	46.1	13.9
Delivered what was promised			8.3
Price (%)			
Fair/good prices	13.2	7.7	5.6
Better sales/discounts	4.5	7.7	
Accurate billing	6.4		
Advertising (%)			
Accurate information	2.6	7.7	
General (%)			
Behaved ethically/ honestly	7.8		13.9
Other	8.2	7.7	16.7

^aFor the open-ended questions, in the 2007 USA run, there was no distinction between personal and vicarious experiences.

business ethical behavior. These results differ from the Americans who rated “good service” as the best determinant of business ethical behavior.

On the unethical behavior side, “defective products” and “overcharging” received most of the complaints on the personal experience, while, on the vicarious side, “rudeness” received the highest number of complaints. While the Americans appear to have similar complaints when it comes to overcharging, they do not perceive “rudeness/discourteousness” as high as Egyptians do.

Conclusions

At least for Turkey, the overall BEI and all the four BEI components are well into the negative range (below 100). For countries where ethical behavior is

prescribed by strong religious beliefs, this finding is unexpected. These negative numbers could be explained by the divergence between the Islamic teachings (ideal) and business practices (reality) in the economic life, as reported by Mullin Marta et al. (2004). In addition, in Muslim countries, ethical actions and perceptions could be affected by concepts of predetermination (Jabria). People might believe that God has predetermined their future, so they might not feel personally responsible for the consequences of their actions. Similarly, Egyptians will say “insha’ Allah” (God willing). Rice (1999) argues “if God’s name is invoked in every situation and if every action depends on the will of a higher authority... what role does the individual play? What responsibility must he or she carry?” (p. 353).

While there is an increasing awareness of business ethics in Turkey, Turkish businesses are just at the beginning stages of this process, with many companies getting involved in deceptive business practices (Ekin and Tezolmez, 1999). During negotiations with the marketing research company which gathered the data in Turkey, the Turkish manager expressed a concern that the concept of ethics, as perceived in the West, is not widely understood in Turkey.

Another possible explanation of these negative perceptions of business ethical behavior by Turks is provided by Kaynak et al. (1992). According to Kaynak et al., inflation and the general decline of standards of living have created a widespread “economic discontent” in Turkey. In addition, there is a discontent of Turkish consumers with the marketing and distribution systems. Kaynak continues “the consumers in Turkey, as in other developing nations, are passive and unorganized, have little information regarding market conditions, prices, quality or health regulations related to products” (p. 817). Similarly, Breeze (2001) reported on a survey which found that Turks perceived businesses as having low degrees of social responsibility. Breeze thought that this situation will not change because Turkish people accept the status quo which stems from the education system. According to Breeze, primary school textbooks teach “the subordination of the individual’s own interests to those of the nation and respect for those above one” (p. 3).

While the significant drop in the BEI component of vicarious/past has been observed in almost all the measurements of the BEI, the drop observed in

TABLE V
Open-ended questions: unethical behavior

	Egypt		2007 USA
	Personal	Vicarious	Personal/vicarious
Totals comments	628	50	483
Service (%)			
Poor service	3.7		
Rudeness/discourteousness	16.8	26.0	3.5
Product (%)			
Defective/low quality products	22.2	16.0	3.5
Fake/expired products	14.5	14.0	3.9
Did not replace defective product	7.2	12.0	2.1
Less product/no promised gift	2.9	6.0	2.1
Price (%)			
Overcharging/price gouging	22.4	18.0	19.9
Did not provide discounts	1.9		
Advertising (%)			
False advertising			5.4
Selling (%)			
Sales pressure			1.0
Labor/management (%)			
Poor treatment of employees			8.3
High CEO compensation			4.3
High level of profits			2.1
Theft/fraud			5.0
Insider trading			2.9
Discrimination/bias			9.9
General (%)			
Dishonesty/cheating (general)	10.2	2.0	5.4
Other	1.9	6.0	16.2

Egypt is unprecedented. In Egypt, there appears to be a great disconnect between the personal (things that happen to you personally) and the vicarious (things that only happen to others).

Limitations

The use of face-to-face interviews, while necessary in countries with limited telephone coverage, distort the cross-country comparisons, with the majority using telephone interviewing. In addition, the open-ended comparisons between Egypt and USA are hindered by the fact that for both budgetary and theoretical reasons the distinction between personal and vicarious was not used in the 2007 USA run.

Future direction of the BEI

While negotiating with the Turkish marketing research company, they reported that the concept of ethics in Turkey is “not as developed as in the west.” The exact meaning of this statement needs to be further studied.

While the present study found no significant differences between the males and females in both countries, the differences might not be able to be captured with the quantitative framework of the present study; more in-depth qualitative studies might be able to shed better light on the issue.

Data have already being gathered for five Latin American countries (Mexico, Argentina, Bolivia, Brazil, and Colombia) and the results should be

reported soon. Negotiations are being conducted to gather data from two African countries.

Notes

¹ A significant number of Muslims are in Asian countries like Pakistan, Indonesia, and Malaysia. However, it was not possible to measure the BEI in these countries due to a combination of budgetary concerns and the lack of companies performing omnibus surveys.

² This misconception might stem from the Turkish experience. Hisrich et al. (2003) provide a historical explanation for the negative attitude of Turks toward entrepreneurial activities, starting from the Ottoman Empire where trade was mostly done by non-Muslims and ending with the current economic instability, rampant bribery, tax evasion, and a slew of other deceptive business practices.

³ All four BEIs were calculated using the weighted data, as will be all future calculations.

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