THESIS

STUDENTS’ ATTITUDES TOWARDS BUSINESS ETHICS: A
COMPARISON BETWEEN INDONESIA AND LESOTHO.

MPHOLLE CLEMENT PAE-PAE

Student ID Number : 125001758/PS/MM

MASTER OF MANAGEMENT PROGRAM

POSTGRADUATE PROGRAM

UNIVERSITAS ATMA JAYA YOGYAKARTA

2013
UNIVERSITAS ATMA JAYA YOGYAKARTA
POSTGRADUATE PROGRAM
MASTER OF MANAGEMENT PROGRAM

THESIS APPROVAL

Name: Mpholle Clement Pae-pae
Student ID Number: 125001758/PS/MM
Major: Human Resource Management
Thesis Title: STUDENTS’ ATTITUDES TOWARD BUSINESS ETHICS: A COMPARISON BETWEEN INDONESIA AND LESOTHO

Supervisor’s name: Drs. M. Parnawa Putranta, MBA, Ph.D
Date
Signature

………………………….   …………………………….
UNIVERSITAS ATMA JAYA YOGYAKARTA
POSTGRADUATE PROGRAM
MASTER OF MANAGEMENT PROGRAM

THESIS APPROVAL

Name : Mpholle Clement Pae-pae

Student ID Number : 125001758/PS/MM

Major : Human Resource Management

Thesis Title : STUDENTS’ ATTITUDES TOWARD BUSINESS ETHICS: A COMPARISON BETWEEN INDONESIA AND LESOTHO

Supervisor’s name Date Signature

Drs. M. Parnawa Putranta, MBA, Ph.D  …………………….  …………………….  

Dr. Budi…….  ………………………  ………………………

Dr. Felix……..  ………………………  ………………………

HEAD OF POSTGRADUATE PROGRAM
MASTER OF MANAGEMENT PROGRAM

Drs. M. Parnawa Putranta, MBA, Ph.D
DECLARATION

Name : Mpholle Clement Pae-pae
Student ID Number : 125001758/PS/MM
Major : Human Resource Management
Thesis Title : STUDENTS’ ATTITUDES TOWARD BUSINESS ETHICS: A COMPARISON BETWEEN INDONESIA AND LESOTHO

I hereby declare that this thesis has not been submitted for award of a degree to any other University and to my knowledge this thesis is based on my own original work and has not been published or written by other authors except by this writer and bibliography used in this manuscript.

Yogyakarta, 25th November, 2013

Mpholle Clement Pae-pae
AKNOWLEDGEMENT

Thanks be to God Almighty, The Father, The Son, and The Holy Spirit for being with me throughout this research and successful completion of this paper entitled Students’ Attitudes towards business Ethics: A comparison between Indonesian and Lesotho. This research is submitted in partial fulfillment of the requirements for the Masters Degree of Management Universitas Atma Jaya, Yogyakarta, Indonesia. The writer acknowledges that without the assistance and valuable inputs from supervisor, lecturers, fellow students and friends this research would not be a success. Therefore wishes to extend his greatest gratitude to:

1. The Rector of Universitas Atma Jaya (UAJ) and the Director of Postgraduate program UAJ.
2. The Dean of the Faculty of Management Universitas Atma Jaya Yogyakarta.
3. To the administration and all staff of the Postgraduate program of the faculty of Management.
4. To all academic staff of the Faculty of Management for their valuable lectures and hence inputs to this paper.
5. Drs. M. Parnawa Putranta, MBA, Ph.D in his capacity as Major Supervisor, I pass my sincere gratitude and thanks giving for his entireness efforts, time, valuable inputs and constructive criticism in helping me complete this work.
6. To the Examiners, I thank them for their critics and constructive direction for successful completion of this work.
7. All my friends of the Postgraduate program 2012 for their assistance throughout my studies.
8. To Johanna Lucia Amakali who helped me a lot with re-reading, correction and contributions for the success of this paper.
9. To my family, ‘Mapitsi Patricia Pae-pae (mother), Motlatsi Simon Pae-pae (late father),
all other siblings and niece for their continuous support throughout the period of this
study, your phone calls and messages of encouragement got me through this period.

10. Thank you to all that have not been mentioned above for their help and assistance in the
completion of this work.
MOTTO

“PRESERVE THE SPIRIT TO WORK FAIRLY AND HONORABLY, RESPECTING
PEOPLE, OUR WORK, OUR COMPANY AND OUR GLOBAL COMMUNITY.”
DEDICATION

“IN GREATFUL AND LOVING MEMORY OF MY BELOVED PARENTS WHO INSTILLED INTO ME THE PASSION FOR STUDY”
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>TITLE SHEET</td>
<td>i</td>
</tr>
<tr>
<td>STATEMENT OF AUTHORITY</td>
<td>ii</td>
</tr>
<tr>
<td>DECLARATION</td>
<td>iii</td>
</tr>
<tr>
<td>ACKNOWLEDGEMENT</td>
<td>iv</td>
</tr>
<tr>
<td>MOTTO</td>
<td>v</td>
</tr>
<tr>
<td>DEDICATION</td>
<td>vi</td>
</tr>
<tr>
<td>TABLE OF CONTENTS</td>
<td>vii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>viii</td>
</tr>
<tr>
<td>ABSTRACT</td>
<td>xi</td>
</tr>
</tbody>
</table>

**TABLE OF CONTENTS**

**CHAPTER I**

**INTRODUCTION**

1. Background........................................................................................................ 1
1.2 Statement of the problem.................................................................................. 6
1.3 Research Question............................................................................................. 7
1.4 The authenticity of the research...................................................................... 8
1.5 Benefits of the Study....................................................................................... 8
1.6 Objective of the Study..................................................................................... 9
1.7 Organization of the study................................................................................ 9
CHAPTER II

INTRODUCTION

2. Literature Review ........................................................................................................... 12
2.1 The history and importance of Business Ethics ........................................................... 12
2.2 Business ethics: a strategic issue .................................................................................. 14
2.3 Major business philosophies ....................................................................................... 18
3. Theoretical framework ................................................................................................. 20
3.1 International differences in attitudes toward business ethics ....................................... 20
3.2 The societal variables (the national context) ............................................................... 22
3.3 The individual-level variables .................................................................................... 25

CHAPTER III

INTRODUCTION

4. Research Methodology ................................................................................................. 32
4.1 Population .................................................................................................................... 32
4.2 Sampling Procedure ................................................................................................... 32
4.3 Methods of data collection ......................................................................................... 33
4.4.1 Subjects .................................................................................................................... 33
4.4 Operationalization of Variables ................................................................................ 34
4.5 Research instrument and measures ............................................................................ 36
4.6 Dependent and Independent variables ....................................................................... 36
4.7 Method of data Analysis ............................................................................................. 37
4.8 Validity and Reliability ............................................................................................... 37
4.9 Ethical Considerations ............................................................................................... 38
CHAPTER V

INTRODUCTION

4.0. Results............................................................................................................................... 39

4.1. Testing Instrument ............................................................................................................ 40

4.2. Demographic Characteristics of Respondents ................................................................. 42

4.3. Differences Between Indonesian and Lesotho Management Students' Attitudes Towards Business Ethics ........................................................................................................................ 43

4.3.1. Differences in Attitudes Towards Business Ethics Based in Country Differences ...... 44

4.3.2. Different Attitudes Towards Business Ethics Based on Religiosity Differences ......... 46

4.3.3. Differences Attitudes Towards Business Ethics Based on Gender Differences ........... 48

4.3.4. Differences Attitudes Towards Business Ethics Based on Different Countries and level of religiosity ............................................................................................................................. 50

4.3.5. Differences Attitudes Towards Business Ethics and Gender Based on Different Countries .................................................................................................................................. 52

4.3.6. Differences in Attitudes Towards Business Ethics Based on level of Religiosity and Gender Differences .......................................................................................................................... 54

4.3.7. Differences in Attitudes Towards Business Ethics Based on Different Countries, level of religiosity and Gender ................................................................................................................. 56

4.4. Findings of the research ..................................................................................................... 58

CHAPTER V

INTRODUCTION

5.0. Discussion and Conclusion ............................................................................................... 63

5.1. Introduction ....................................................................................................................... 63

5.2. Discussion ......................................................................................................................... 64

5.3. Managerial Implications ................................................................................................... 74

5.4. Limitations of the research study ...................................................................................... 77
5.5 Future research ................................................................................................................. 78

5.6. Conclusion ........................................................................................................................ 79

6.0. Bibliography ..................................................................................................................... 81

7.0. Appendix ........................................................................................................................... 91

LIST OF TABLES

Table 4.1. The societal variables indicators ............................................................................. 24
Table 4.1. Validity and ReliabilityTest .................................................................................... 41
Table 4.2. Distribution of Respondents ................................................................................... 42
Table 4.6. Significance Tests Based on Country Difference ................................................... 44
Table 4.7. Descriptive Statistics by Country ........................................................................... 45
Table 4.8. Manova Test Significance Analysis Based on Religiosity Differences .................. 46
Table 4.9. Descriptive Statistics Based on the level of religiosity .......................................... 47
Table 4.10. Manova Test Significance Analysis Based on Gender Differences ...................... 48
Table 4.11. Descriptive Statistics by Gender ........................................................................... 49
Table 4.12. Significance testing Attitudes Towards Business Ethics Based on Different Countries and level of religiosity ................................................................. 50
Table 4.13. Descriptive Statistics by Country and level of religiosity ................................ 51
Table 4.14. Significance testing Attitudes Towards Business Ethics and Gender Based on Different Countries .................................................................................................................. 52
Table 4.15. Descriptive Statistics by Country and gender .......................................................... 53
Table 4.16. Significance testing of Attitudes Towards Business Ethics Based on level of religiosity and Gender Differences .................................................................................................................. 54
Table 4.17. Descriptive Statistics by Gender and level of religiosity ...................................... 55
Table 4.18. Significance testing Attitudes Towards Business Ethics Based on Different Countries, level of religiosity and Gender .................................................................................................................. 56
Table 4.19. Descriptive Statistics by Country, level of religiosity and Gender .......................... 57
Table 4.20. Summary of finding for hypothesis ...................................................................... 62
ABSTRACT:

In this technology era and globalization age, business ethics has received an increased attention as the strongest asset to create, sustain and enhance goodwill and customer loyalty. Recently, Business ethics has great part in managerial decision making process. The purpose of this study is to investigate Indonesia and Lesotho management students’ attitudes towards business ethics with different levels of religiosity and gender in preferences to three business philosophies: Machiavellianism, Social Darwinism and Moral Objectivism. In this case, business students as future drivers of the economic and social engine of the society, as prospective managers and potential employees, became the main target of this study.

Data was collected from both Indonesia and Lesotho undergraduate students using (ATBEQ) questionnaires. The total questionnaires that were distributed were 300, however out of those questionnaires returned only 229 were completed. The results indicate that there are significant differences across countries and I find that Indonesia and Lesotho students show no differences attitudes towards Social Darwinism and Moral Objectivism; while Lesotho students show more favorable attitudes towards Machiavellianism than Indonesia students.

For Machiavellianism the results are consistent whereas with Moral Objectivism and Social Darwinism the results show no differences. Results indicate that students who do not practice religion (non-practicing religion) were found to have a better assessment on the dimensions of Machiavellianism and Moral Objectivism, meanwhile both Indonesia and Lesotho students did not show any differences in relation to Social Darwinism. Inconsistent with religion practicing business students prefer Moral Objectivism in business ethics more than non-practicing business students was found. The results indicate that gender does not influence preferences for the three business philosophies.

KEY WORDS: ATBEQ, Attitudes towards business ethics, Indonesia, Lesotho.