

Interconnections between networks, performance and ethics

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ABSTRACT. This paper assesses the relationships between networks, performance and ethical behavior and reasoning. Using Kohlberg's framework moral development and supported by results of five semi-structured interviews with US managers, there is a close relationship between networks and performance. As the level of trusts and confidence increases, the players within a network tend to be flexible in following the rule-based six stages of moral behavior and reasoning. Flexibility intends to secure for continuing relationships within the networks and performance, the players need to observe the societal norms and regulations. Results of this research have implications to the managers when designing work place ethical guides, conducting business deals and dealing with ethical dilemmas.

KEY WORDS: networks, performance, ethical behavior, Kohlberg's moral development model

Introduction

Does the propensity to enter into repeated alliances with already familiar partners have an influence on the overall economic performance of organizations? Does the network have any impact to a firm's performance and any implication on its ethical conduct and issue? This paper explores the impact and relationships between networks, performance and ethics. Network is a constellation of players and the patterns of their actions and interactions, whereas performance is the actions taken that may lead to results, while ethics is the appropriate behavior acceptable by a society and its environment. Networks serve as forums for discussions, as direct contacts to new practices (Davis and Greve, 1997), and as facilitators to transmit information (Galaskiewicz and Wasserman, 1989; Haunschild, 1993; Mizruchi, 1992; Palmer, Barber, Zhou and Soysal, 1995). All these enable the players within a network or alliance to access, to share, and to inimitable and non-substitutable assets, unique resources and capabilities (Goerzen, 2007; Gulati, 1999). A network provides the basis for strategic advantages and builds upon trust (Baum, Calabrese, and Silverman, 2000), confidence (Dyer and Singh, 1998; Gulati, Nohria, and Zaheer, 2000), and long-term relationships (Hagedoorn and Duysters, 2002; Koka and Prescott, 2002; Zollo, Reuer and Singh, 2002). However, Anand and Khanna (2000) and Khanna (1998) conclude that there is a relatively little that we know of the effects of networks on performance. Gulati (1998) suggests the needs to explore how a network and its ethical implications entail with the relationship. Put these together, prior research seems focusing on relationships between networks and ethic, or network and performance, but no known study on how these three interact in the real world. This paper fills the gap to identify the relationships between networks, performance and ethics.

Using five semi-structured interviews with U.S. managers on the linkage between networks and performance, this paper explores whether managers follow rigidly on the moral development,

moral reasoning and behavior. I use Kohlberg's moral development framework to identify the six stages of moral development. The results show that players within a network do not strictly follow the level of moral developments, and secondly, there is a close relationship between network, performance and ethics. These results have shown the interactions between networks, performance and ethics, and second, the players in a network do not rigidly follow the stages of moral development as specified by Kohlberg (1979), and lastly, apart from rigidity, Kohlberg's moral development framework needs to incorporate the human elements including care, accountability, integrity and concerns in the work place.

In the remainder of this paper, I review the literature and develop two testable hypotheses. I report on the results of five semi-structured interviews to test these hypotheses. Finally, I will put forward concluding remarks with implications for managers and scholars.

Networks, performance and ethics

Network ethics encompasses the processes of developing and enacting ethical standards within networked relationships and between networks and external players, as well as the standards themselves and their underpinnings in philosophy, social science, and practical experience (Maak, 2007). The idea of network as a set of interconnected players is proving to be an appealing and reliable conceptual tool for the analysis of problems in management and economics, evidenced by developments in social network analysis (e.g., Borgatti and Molina, 2003) and social capital studies (e.g., Leana and VanBuren, 1999; Spence, Schmidpeter and Habisch, 2003). The phenomenon of networks has received a great deal of attention from a number of perspectives. Perhaps the most carefully considered aspect of inter-organizational alliances are the governance issues examined from a transaction cost framework (Balakrishnan

and Koza, 1993; Hennart, 1988; Kogut, 1988; Powell, 1990) often in an international setting (Brouthers and Brouthers, 2000; Chang and Rosenzweig, 2001; Delios and Henisz, 2000; Henisz, 2000; Makino and Neupert, 2000; Reuer, 2001). These studies conclude that players with comparable missions and strategic that supplement to one another will form into networks for improving their market accessibility (Dussauge, Garrette, and Mitchell, 2000), for reducing innovation time span (Hagedoorn, 1993, 1995), and matching complementary technological capabilities (Hennart, 1988; Park and Russo, 1996). Those players with dissimilar but complementary strategic capabilities will form their own networks to improve their abilities to compete and survive (Nohria and Garcia-Pont, 1991). In sum, a network is the product of an effort to reduce uncertainty, to exploit power between organizations (Baker, 1990), and to assemble complex skills and resources (Burgers, Hill and Kim, 1993). Despite challenges to achieve these benefits, both Inkpen and Beamish (1997) and Powell (1990) conclude that these networks provide managers with sufficient incentives to create a delicate but intricate web of collaborative ventures among the players. However, these networks will not grow over night. Time and confidence are essential for survival and growth of a network. Prior studies show that a higher level of familiarity, trust, and mutual understanding brings the existing relationships, efficiency, maintenance (Gulati, 1995a, 1995b) and, cost effectiveness to a new height (Powell and Brantley 1991), and becomes a clear and persistent influence on the choice of future partners (Larson, 1992; Podolny, 1994; Walker, Kogut and Shan, 1997). In essence, repetitive and close relationships within a network bring many benefits to the players. This helps promote trust and confidence (Wholey and Huonker, 1993; Powell, Kogut and Smith-Doerr, 1996) and generates snowball effects on exploring new ventures, recruiting new players to the network (Marsden, 1983), sharing new formats of work ethics (Gulati, 1995b), renewing missions and formulating

strategies, and exploring resources and capabilities (Gulati, 1999). Over time, these relational connections help promote greater understandings, greater willingness to appreciate each other's needs, capabilities, and share resources. The cycle continues and gradually, a reduction on the needs for contractual safeguards on future events and contracts (Gulati, 1995a, 1995b), and an increase in transaction efficiency (Nohria, 1993), including lowering of search costs, reducing perceived need for detailed contracts, which ultimately, facilitates flexible partnerships adaptable to the shifting environments and changing situations.

While these studies have improved our understanding on the economic and sociological motives that underpin the establishment of networks, and have suggested some associated potential benefits, a key question that remains largely unaddressed is that of the impact of networks on performance and ethical behavior among the players. In the following section, I map and discuss implications of the networking framework, performance framework and ethical framework.

Networking framework

Networks link closely to an organization's strategy (Zajac, 1998) and promote alliances among players and with the external stakeholders. Burt (1992) stipulates that networks lead to economic benefits and betterment in relationships and understanding. According to Burt (1992) and Granovetter (1973), there are three key benefits from being a player of a network. First benefit is accessibility to information, the second is that of timing of information, where early or first-hand information yields an advantage to the recipient, and the third benefit is that of referrals, where the players' interests are presented to the third parties in a positive light. For these, players with an effective set of networks, ties and alliances will gain from the established reliable contacts,

and shared information and capabilities (Burt, 1992). In sum, network leads players to efficient and effective usage of resources and willingness to share information and capabilities.

From the network theory perspective, given that individual player may have varying degrees of resources and capabilities, linkages between otherwise unconnected players facilitate the combination of diverse, or non-redundant, knowledge relates to technology, culture, societal norms, practices (Nohria and Ghoshal 1997), and market trends (Granovetter 1985). More specifically, networking gives advantage to players with diverse ties to access a wide range of knowledge, information, skills, ideas and supports in a way that the individuals and firms would normally be reluctant or incapable to do so. Burt (1980) and Granovetter (1973, 1985) conclude that a greater degree of reluctance leads a player to a greater level of benefits through networking and alliances. Lin (1998) supports this notion and reports that a player's strong network helps create values when subsequently corroborated. Based on a series of laboratory experiments, Markovsky, Willer and Patton (1988) conclude that players within a network will have exclusive access to resources, and for those outside the network may have to pay for, at a higher price to access to these knowledge and information.

At the initial stage of relationship, players are uncertain of each other's commitments, potential returns and costs, ability to fit into the expectations, norms, and format of the network and alliance. In a long run, the players will gain a higher level of confidence and trust from each other, and benefits will outstrip the costs. As relationships and trust grow, the players may ignore some rigid formality of exploring other options, including those from outside the networks, and assessing costs versus benefits of an investment. However, the relationships and trust will grow with investments in time and money. The purpose is for maintaining the relationships, and for gaining tangible returns including business transactions and referrals. In a real world, business

leaders constantly face with the challenge of whether to step out of the box or stick with the existing networks for contacts and work. This familiar vs. unfamiliar scenario causes tension between exploration and exploitation. The players tend to exploit familiar relationships to minimize the search costs, establishing trusts and, improving prior knowledge and mutual understanding, while to explore in order to seek for other benefits like possible opportunities and complimentary and supplementary supports and corroborations (March, 1991). Once a network has grown in size and maturity, the players may start some forms of barriers to restrict outsiders to influence the group (Marsden, 1983), and form individual cell groups. These tiny pots of groups will continue to uphold the mission and vision of the main body, until such time that they become too big, or intend to pursue a different set of agendas, or capable of securing the needed resources, capabilities and information. With this, players may leave the group individually or in blocks (Granovetter, 1973). Burt (1992) observes that players with overlapping relationships do not truly improve quality of the network but simply for enlarging it, lessening its efficiency and weakening its effectiveness over time. This is due to the existing players no longer generate new ideas, reluctant to change due to worries to change may hurt the existing players or may face expulsion. Wheelwright and Clark (1992) report that in turbulent environments, including economic downturns, political instability and social unrest, the issue of knowledge creation and learning has an important bearing on the individual's and firm's economic performance. More generally, maintaining network vitality demands the development of new ideas, knowledge, products and processes (Okamoto, 2009). Players derive their successes through self or others' abilities to update the knowledge pools, to renew skills at a lower cost with a faster pace than the competitors do, and to maintain a fit within its relevant changing environment (Prahalad and Hamel, 1990).

Performance framework

Firms use many indicators for measuring performance. Chong (2003) groups these key indicators in three sections. First, the financial indicators, second the non-financial indicators, and third a combination of financial and non-financial indicators. The financial indicators focus on monetary returns including gross profit, net profit before tax, turnover, returns on investments, while the non-financial indicators assess the internal and external indicators. The internal indicators include agency relationships, extent of control, strategy, technology and transaction costs, while the external indicators embrace culture and socio, economy and market size, government and politics, industrial structure, and resources. Chong (2009) interviews five CEOs/CFOs US-based Chinese joint ventures, and concludes that US parent firms use a combination of financial and non-financial indicators to measure and improve performance of their international subsidiaries, but agency relationship is the key element that impacting upon a subsidiary's performance.

Agency theory exists due to the relationships between a principal and its agents and among the agents (Fox, 1984; Eisenhardt, 1989). The theory stipulates all the players within an agency will contribute toward the economic benefits (Chong 2003). However, inherent conflicts and self-interests, agency costs may occur when an agent (player) does not act in the best interest of its principal (network group) (Jensen and Meckling, 1976) and, in-fighting among the players for the limited customers, resources (Alchian and Demsetz, 1972), interests and performance (Fama, 1980). Both Subramaniam and Watson (2006), and Moe (1984) report that goal conflicts have caused serious repercussions to performance. As time goes by, these conflicts and imbalances in the distributions of resources may gradually disappear, with improvements in relationships, trusts, and rates of performance and survival among the players (Barney and Hansen, 1994;

Zaheer and Venkatraman, 1995; Madhok, 1995; Nooteboom, Berger and Noorderhaven, 1997; Das and Teng, 1998; Chong, 2009). Mutual trust and confidence help close the interactions among the players and help reduce costs of governance (Barney and Hansen, 1994), avoid incomplete opportunities, cut red tapes and bureaucracy (Bromiley and Cummings, 1995; Lee and Cavusgil, 2006), and increase the flow of information and goods (Hill, 1990; Barney and Hansen, 1994; Zaheer and Venkatraman, 1995). Once the players stop the in-fighting and misunderstandings, there is a stronger sense of willingness to share, inter-relationships and an improved performance (Das and Teng, 1998; Nooteboom, Berger and Noorderhaven, 1997), synergic returns (Mohr and Spekman, 1994), decision-making processes (Saxton, 1997) and consensus on key cultural expectations, purposes, beliefs and values (Ring and Van de Ven, 1994). Taking together, time helps heal the relationships and helps shape the level of confidence, trust and relationships. With the improving level of trust and confidence, the question on ethics remains. Would the players prepare to compromise on the ground of trust and confidence that they have gained over time? The next section looks at how all these relate to Kohlberg's theory of moral development.

Ethical Framework

In this paper, I apply the Kohlberg's moral framework (1969, 1976) due to the framework maps a player's ability to make reasoned judgments about moral issues. Kohlberg (1969) divides these judgments according to the players' intentions to pursue for an act (see Figure 1). The framework consists of three levels of moral development. These are the pre-conventional, the conventional, and the post-conventional. Each level consists of two stages, totaling six moral stages for all the three levels. In theory, the distinction between these levels lies in the way the players organize

and structure their social and moral thinking, associated experiences and conventions. Convention means in strict compliance with rules, norms and expectations of the surroundings and society. At the pre-conventional level, all players are required to obey and understand the existing practices, rules, customs and requirements. This holds true until the players cross over to the next level. At the conventional and post conventional levels, the players deem to possess higher levels of confidence and understanding of a society's norms and conventions. Rather than obediently follow the rules and regulations, they continuously explore for opportunities and identify areas that could fit into their needs and expectations. The players will apply their own principles instead of those of the societal rules. When a conflict arises between principles and the societal rules, the society will judge the players by principles rather than by conventions (Kohlberg 1976). The players will continue to apply the principles for a wider and looser leeway than follow the rigidly designed rules. The gap between the principles and rules continue to grow and the players eventually have found themselves ample of space for maneuvering. The gap widens until the actions, reasoning and behavior become unethical and eventually, unacceptable by the society and surroundings.

Duska and Whelan (1975) comment that when a player's level of reasoning and behavior moves from one stage to another, it represents a wider perception of a society, of the players and of one's relationship to another, of one's ability to think more abstractly and in considerations of the other. Put all together, at the pre-conventional level, the players do not feel that they belong to a particular society or situation, but perceived as a gathering of distinct players willingly submit to the existing rules and regulations. At this stage, Ferrell, Fraedrich and Ferrell (2005) view that the players play by the rules and comply with the norms due to they have limited resources, exposures, knowledge, skills, experiences, unwillingness to take risk or a lack of space for them

to outshine the others. With this, it comes with continuing compromises and pains, and leads to egoism, self-identity, self-imposed isolating and selfishness. At this stage, the players may move on to the next stage once they can no longer tolerate compromises and have suffered enough pains. This means, at the conventional level, the players move from egoism to recognizing group's values. The players will continue to explore how to and how well they fulfill expectations of the group they belong. The conventional level reflects the players' selflessness and sense of socialization (Duska and Whelan 1975). Recognizing the others' existence shows the players' willingness to adapt to the groups' expectations, rules, culture, practices, and believes.

When a player moves to the post-conventional or principled thinking level, this involves basic principles, laws and written rules. At this level, the society and its surroundings become the norms for the players, and in fact, the society perceives the players as outsiders. This means the players are free from the societal norms, and they become autonomous and think for themselves (Kohlberg 1976). A player's movement from one level to another, space and time allow changes in their modes of decisions, actions and priorities. The extent of change depends on the level of understandings, exposures, internal and external influences, confidence, trust, willingness to take risks, experiences, changes in values and ethical behavior.

Kohlberg's framework (1976) stipulates the internal and external influences exist within the space and surroundings where the players have constant contacts, or due to the players' professional body or business practices. In the modern business world, all players are required to observe external rules including the respective associations' and trades' ethical rules and regulations. Internally, players are expected to comply with corporate culture, ethics training,

upbringing, background and moral developments (Mintz and Morris, 2008, p27), moral reasoning and expectations.

Stages	Motives for Doing Right
<p style="text-align: center;">Pre Conventional</p> 1) Obedience 2) Egotism – instrumental and social exchange Consult others on completion of tax returns	1) Fear of punishment & authorities 2) Self- gratification, concern for oneself
<p style="text-align: center;">Conventional</p> 3) Interpersonal concordance 4) law & duty (social order) complete & file tax returns on time	3) Role expectation or approved form others 4) Adhere to moral codes, law & order
<p style="text-align: center;">Post Conventional</p> 5) Individual rights & standards agreed upon by society 6) Self-chosen principles	5) concern for others & broader social welfare 6) concern for moral or ethical principles

Table 1: Kohlberg’s Moral Framework

Kohlberg and Turiel (1971) observe that a player’s moral reasoning and behavior mature over time and in an invariant sequence according to situations and issues. This means the framework stipulates a player follow the stages in a rigid pattern. The earlier stage prepares the players for the next (Kohlberg & Turiel 1971). This may not be the case for a real-life situation. For example, a player may take advantage on the weaknesses in the internal control systems by breaking through the rigid pattern of reasoning and behavior. As such, rather than following the stages, the player move swiftly from stage two to stage four of the moral development due to opportunities, under pressure to commit crime, rationalization (a lame excuse for committing crimes) and egoism. Both rationalization and egoism arise due to a player intend to draw attentions from the crowd or, if this is not the case, to evidence that weaknesses exist in the control systems.

Apart from rigidity, criticisms on the model include being lack of basic cognitive-structural characteristics (McGeorge 1974 and Bergling, 1981), being too theoretical and not supported by empirical evidence (Rest, Turiel and Kohlberg, 1969), and having too much overlaps between the levels and stages (Rest 1973). In sum, the model itself merely outlines the players' predicted mode of moral developments, and assumes the players will rigidly follow the stages, rather than exercising flexibilities due to situations and events. Chong and Opara (2009) report that in a real-world situation especially in the business context, players use common sense and apply professional judgments to assess the issues and select the appropriate reasoning and behavior to deal with situations. In a sense, players ignore rigid rulings, and use their instincts to take actions and resolve the situations. We develop the following hypothesis based on the above discussions.

H₁: In the business context, players do not rigidly follow the stages of moral reasoning.

Networking and performance implications

Kohlberg's (1969, 1976) moral theory posits cognitive development as the only major contributor to moral development (Belinky, Clinchy, Goldberger and Tarule, 1986; Huggings and Scalzi 1988), but ignored both the social experiences and emotional aspect of the players' experiences including empathy, love and feelings of belonging (Haan 1978). Gilligan (1982) calls upon reformulating Kohlberg's model by adding emphasis on the personal perspective of reasoning. Both Shaub (1994) and Ponemon (1992) support the notion to make the model more flexible and capable of allowing the players to assess the moral development in a real world scenario. More specifically, the model stipulates a strong relationship between moral reasoning (and judgment) and moral behavior (Callery 1990, Penticuff 1991). However, Lickona (1976) concludes the players cannot follow the ethical principles (stage 5 and 6) unless the players

themselves understand, comply with or behave morally on all issues. This means if moral reasoning and moral behavior coexist, when a player within an alliance will strictly comply with the moral reasoning and behavior. In fact, Kohlberg admits that personal factors mediate the effects of moral reasoning and moral behavior, but considers moral reasoning is as good as a predictor of moral behavior (Kohlberg 1976). Both Rothman (1980) and Blasi (1980) report that in many decision-making processes, players will consider other factors including personal relationships, frequency of contacts and prior contractual relationships rather than solely responding to the various levels of moral development and reasoning. Chong and Opara (2009) support this view and conclude that with an increasing level of confidence, trust and relationships, networking and performance will improve over time, and all these may undermine the rigidity of the reasoning behavioral processes. With this, we develop the following hypothesis:

H₂: players do not adhere strictly on the moral development process in networking and performance.

Methodology and analysis

In this section, I report the results of separate semi-structured interviews with five managers in Houston, Texas. I selected these managers from a networking group, and requested for their participations. I set up a mutually agreed date and venue for the interviews, and insist of conducting the interview in a place of their choice, including their own work environment, and a location that is deemed conducive and relax, feel confident, trust and feel-free for them to express their views and comments (Strauss and Corbin, 1998). I meet each interviewee separately and apply the grounded theory to maintain a familiar environment allowing them

freely express their thoughts, views and comments (Parker and Roffey, 1996). This process helps me to appreciate and understand what lies behind a specific phenomenon and areas that need further explorations (Glaser, 1992; Strauss and Corbin, 1998). According to Strauss and Corbin (1998), grounded theory is a process of systematical gathering and analyzing of data through research process, normally, data collection, analysis, and eventually assess the relationships between the variables (p.12). Tomkins and Groves (1983) support this notion and suggest that interviewers could gain more understandings by leaving the existing environment status quo that is, in its natural setting. They conclude that a qualitative approach, including case studies and interviews, suffices this objective.

Before I commence each interview, I assure the interviewees for confidentiality of information that they shared. I take notes during the interviews, transcribe them immediately after the interviews, and discuss the notes that I have taken with the interviewees to ensure accuracy and completeness. Next, I review the notes and consolidate issues of a similar nature. On average, the interviewees have had six years of experiences as a manager. Each interview takes an average of 52 minutes. Though I have invited the interviewees to meet outside their work environments, they prefer to have the interviews in their work place. The interviewees speak openly and in a relaxed manner. For confidentiality, I identify the interviewees by alphabets.

Testing the hypothesis

Rigidity of the model

The literature criticizes the model for its rigidity and lack of ethical practice, and assumes players follow the six moral stages in a structured and orderly manner. In a real world, Interviewee A argues that `as a manager, I change my approach in some situations to be in line with the societal

norms, in particular dealing with my existing and recurring clients. In some cases, I have cut short the protocols to secure for contracts, and as long as I am not far off from the industry's practices, expectations and needs, I think I am okay.' In a separate interview, Interviewee B concurs with this notion and concludes that 'this depends on the extent of trust and confidence that I have on the person [from a network]. If I know the person well and is from the network [I belong], I have more trust than the others [whom I do not have any prior contacts]. In that case, I will skip from the pre-conventional level and start from the conventional level [of moral development]. After all, I know the person will need supports of the network. Words spread quickly [within the network].'

From those extracts, interviewees conclude that a network helps improve the level of trust, confidence and personal relationships among the players. Interviewee D finds that 'though my firm has a long checklist, I don't follow them [rigidly] if I know the person is from the same network as I am' while Interviewee E explains that 'whenever we call for tenders, I will inform my friends in my network group to turn in their bids. If my friend [from a network] fails, I will try to convince the [tendering] Committee that other bidders may not have the genuine interests of care [on delivering goods and services], but just for securing the contracts.' Other interviewees have expressed a similar sentiment on players do not rigidly follow the moral development processes, reasoning and behavior. Further, Interviewee C explains that 'with the economic downturn, competitions and poor debts collections become key challenges for us. I am more flexible in my business approaches when dealing with those in my networks with poor credit history and records.' Based on the above extracts, I support **H₁**, that business players do not follow the rigid stages of moral reasoning. Though the six-stage moral reasoning is a useful reference, it needs modifications and adaptations due to surroundings and external factors that

impact upon the business strategies and performance. During economic downturns, the players may expand the realms of flexibility in dealing with business transactions catering for immediate decision-making processes and turning around the goods and services.

Networking and performance implications

The literature supports the notion that as the level of moral development moves from one stage to another, the level of confidence, trust and relationships, networking and performance improves. This process involves time and relationships. Interviewee C supports the notion of close relationships between networking and performance, and 'once I have confident with someone, especially from a networking group, I tend to deal with the same groups of individuals. Networking has greatly helped me in my businesses and referrals. Also, my firm has given me various performance related targets, and all I have to do is to ask my friends in the networking group to help buy or refer my businesses to their friends and relations. Over the years, I have achieved the required targets and continued to attain better performance and results.' Interviewee A supports 'the concept of networking leads to performance and in a sense, I may sometimes compromise my moral reasoning and behavior. I think it is alright so long as I act within certain perimeters, and not infringing upon my firm's policies on ethics.' The remaining three interviewees support the hypothesis of following strictly on the moral development process in networking and performance, and networking has helped improved the agency relationships and cut the transaction costs. More specifically, as networking and performance improve, ethical behavior may reduce, though not necessarily proportionately. In this respect, we support **H₂**, that is the players do not adhere strictly on the moral development process in networking and performance.

Value of Kohlberg's model to the business community

Though Kohlberg's model serves as a useful guide and understanding on various stages of moral development, reasoning and behavior, a considerable volume of debates about its applicability in the real world. In particular, Duckett, Rowan-Bower, Ryden, Crisham, Savik and Rest (1992) doubt the model on: 'first, its moral reasoning gradually changes over time in the direction postulated by the theory. Second, its moral reasoning is governed primarily by cognitive processes and has specific cognitive prerequisites. Third, its development of moral reasoning does not progress only because people grow older. Forth, its level of moral reasoning tends to increase when people engage in formal education or specific types of intervention programs, and lastly, its moral reasoning influences moral behavior' (p. 324-325). These inquiries show the model needs the human behavior, psychology and relationship elements. In a business contacts, players are in a constant contact with their clients, comply with the societal norms and professional body's etiquette. They need to maintain their performance and behavior within certain allowable limits to continue and to pursue for relationships and business transactions. These transactions will only materialize over time and confidence, and will involve volumes of care (Gillian, 1992), concerns and accountability. These personal care, professionalism and accountability are essential to maintain and promote the image and stakeholders' confidence and trust. Though Kohlberg's model primarily focuses on the development of moral reasoning and moral behavior, the model remains rigid when come to the decision-making processes, and communication modes between the players and third parties. Over time, as the level of personal trust and confidence increase, the level of networks and performance improves. With this, the strict stages of development that the players expected to go through will disappear and in some

sense, players are becoming flexible when dealing with issues that may involve personal relationships. Players may even compromise on the ethical issues, as long as they perform the acts within the societal allowable perimeters, in order to maintain relationships within the networks and for self interest, including performance, returns and results.

In a business world, care, accountability, integrity and concerns are essential for a player to survive in competitive world and to be in contact with the stakeholders. Cooper (1991) notes that the abstract, rigid and justice-orientated Kohlberg's moral become inadequate and irrelevant to a modern society. The model lacks principle-based ethics, social and interpersonal relationships, and individuals' care and responsibilities. No doubt, as duration increase, so as relationships among the players. The level of trust and confidence will increase as well and the level of networks and performance. However, players may tend to compromise on their level of rigidity on rules and strictly compliance with the ethical behavior. In sum, it is essential when incorporating the model in a work place and work ethic, the model needs to incorporate the human behavioral elements.

Conclusions and Ways Forward

The above analysis helps understand Kohlberg's framework moral development and its applicability in the real world. Individual player needs to adapt the model, and incorporate the human elements including caring, accountability, integrity and ethical perspectives in the work place and when facing situations. The model is just a guideline, and not a tool that is fit for all the scenarios (Nohria and Ghoshal, 1994). This is due to complexity of the business situations

and ethical dilemma that force the players to arrive at different reasoning and conclusions. To meet the constant challenges and remain in competition, the players need to behave within the allowable norms formulated by the professional bodies and society. The networks will help improve performance and achieving targets, but it is essential that the players constantly adhere to the predetermined ethical rules and practices.

Results of the semi-structured interviews have helped us to appreciate how the model is applicable in the real world. Networks and performance are inter-related, and move in the same direction. However, ethics may move in a different from both networks and performance. This means, as the level of networks increases, a player's performance increases. Also, the level of network increases has led to higher level of trusts and confidence, and this may lead to a declining level of ethical behavior and reasoning.

The above results are based on a small sample (five interviewees). Future research could expand the sample size, and by using case studies and interviews to explore how managers of a particular sector, react to moral reasoning and behavior. Another interesting area to explore is to assess any difference between gender, race, culture, religion and political background of the players on moral development, networking and performance. Transparency becomes a key issue in the modern business environment (e.g. Vaccaro and Madsen, 2009), and empirical results on this issue could help support whether transparency be included in the Kohlberg's model. Kohlberg's framework remains a useful and valid guide, but the players need adaptations and adoptions to fit it into their own work place, practices, societal norm and legal perimeters.

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