2009· 中国· 北京

第二届经济增长与就业国际论坛

The Second International Forum of Economic Growth and Employment

论文集

Selected Papers

2009 · BEIJING · CHINA

杨河清 沈琴琴 / 主编

江西高校出版社

第二届经济增长与就业国际论坛

The Second International Forum of Economic Growth and Employment

主　编　杨河清　沈琴琴

江西高校出版社
·北京·

图书在版编目(CIP)数据

第二届经济增长与就业国际论坛论文集/杨河清,沈琴琴主编. —南昌:江西高校出版社,2010.4
ISBN 978-7-81132-889-9

Ⅰ.①第... Ⅱ.①杨... ②沈... Ⅲ.①经济增长-中国-国际学术会议-文集 ②劳动就业-中国-国际学术会议-文集 Ⅳ.①F124-53 ②F249.214-53

中国版本图书馆 CIP 数据核字(2010)第070917号

出版发行	江西高校出版社
社址	江西省南昌市洪都北大道96号
邮政编码	330046
总编室电话	(0791)8504319
销售电话	(0791)8517295
网址	www.juacp.com
印刷	廊坊市蓝菱印刷有限公司
经销	各地新华书店
开本	787mm×1092mm 1/16
印张	23.125
字数	210千字
版次	2010年5月第1版第1次印刷
印数	1~2000册
书号	ISBN 978-7-81132-889-9
定价	68.00元

前　言

2009年,在中华人民共和国诞辰60周年之际,“第二届经济增长与就业国际论坛”于10月23日在北京隆重召开。此论坛是组织者举办的一项定期会议，自2008年起每年举办一届,其宗旨是在进一步加强中外经济交流与学术交流的基础上,重点探讨经济增长与就业中的问题,并为政府决策提供相关资料。

2009年,是中华人民共和国建国60周年。60年来,中国的经济与就业取得了翻天覆地的变化,即便是在全球金融危机较为严重的大背景下,中国的经济仍然保持着稳步增长的态势,同时,国家的劳动就业工作也在稳中求进。为进一步增进中国与世界各国的交流,组织者——中国劳动关系学院和首都经济贸易大学再次联合举办“第二届经济增长与就业国际论坛”,本次会议旨在介绍中国经济快速增长的成因和解决数亿城镇人口就业的经验及如何解决二亿农民进城就业的问题,探讨如何处理劳工成本上升与经济可持续发展,继续解决好劳动就业矛盾和劳资关系和谐等全国性与国际性的难题。

会议邀请到了中国政府高层官员、国内外知名专家学者为大会作专题报告。美国、英国、日本、马来西亚、南非等数所国外知名高校以及国内50余所高校的专家、学者参加了会议。会上,参会代表分别就中国的经济、劳动就业以及世界经济与就业趋势作了详细地阐述,并就当前世界经济的热点问题做了深入的探讨。

会议取得了圆满成功,进一步增进了中国与各国的交流,为中外理论工作者搭建了一座良好的交流平台。

本次大会共收到来自国内外专家、学者的论文60余篇。为记录本次论坛的优秀成果,大会组委会将本次论坛所有演讲文稿通过评审,选编了部分优秀论文汇编成本文集,以供大家学习与交流。本文集共收编论文41篇,约21万字,内容涉及到中国经济发展态势、就业发展战略、国际经济与就业的形势、金融危机对全球经济带来的影响、中国就业政策与形势、大学生就业、中小企业发展态势、农民工就业、人力资源开发等方面,对促进我国经济发展与就业有着良好的指导作用,同时也为中外经济及相关学者提供了较全面的研究资料。

由于论文编纂时间有限,审校比较仓促,书中难免会有错漏不当之处,敬请广大读者批评指正。在此，我们也对所有关注我们会议以及应征投稿的各界人士表示衷心地感谢,也敬请大家继续关注我们的下一届会议。

目　录

Regulators Act Like Shepherd Protecting the Sheep

Elizabeth E. Foma[①]

Abstract: Proof of audit committee activity in the constructive years of the Baltimore & Ohio (B&O) Railroad showed that control and reporting activity developed long before the beginning of regulatory order or the external auditing operation. This has been the earliest example of such an organized and progressive process in American business history. There was no prior business experience to emulate this difficult action, yet the organizers of the company started an audit committee of directors as a control device to protect assets and made sure proper handling of cash receipts and disbursements. According to the research carried out by Flesher, Samson, Previts (2003) into primary materials established that the committee did not only carry out regular routine audits of the "treasurer's report", but also identified and solved critical problems of control and payment weaknesses. The discovery of the process of value-for-money (VFM) auditing by a committee of directors established historical context for the present day's audit process and audit committee (Flesher, Samson, & Previts, 2003).

1. Introduction

Audits are meant to serve as an important economic goal and play an important part in working for the public interest to strengthen accountability and reinforce trust and confidence in financial reporting (Samson, W.D., 2000). Consequently, audits help in the improvement of economic prosperity, expanding the diversity, number and value of activities that people are ready to engage in. However, in recent years, and due to the many corporate scandals, continuing global demands for enhancements in audit quality have been witnessed. Changes have been made in the United States to promote greater transparency in the audit and accountability in auditors but there are still continuing demands for further enhancements to be made (Brier, J.A. & Gwilliam, D.R., 2003). This brings questions about how and to what extent, these various demands and problems can be tackled. Also, it is important to understand what an audit means to stakeholders such as stockholders, boards of directors, regulators and other third parties. What is the purpose and scope of the independent audit and

①Elizabeth E. Foma is an Assistant Professor of Accounting at School of Business and Public Administration, University of Guam.

what are the limitations and relationships that surround the audit role? In trying to answer these questions, it is important to understand that there is a new system of accounting which goes beyond the audit functions. This background paper draws on the importance of Forensic Accounting and Fraud Examination to help consider such questions.

First, what is the origin of auditing? "The origin of auditing goes back to times scarcely less remote than that of accounting." Whenever the advance of civilization brought about the necessity of one man being entrusted to some extent with the property of another, the advisability of some kind of check upon the fidelity of the former would become apparent (Brown R. (ed), T.T. and E.C. Jack (1905). Most auditors failed to gain that trust either because they did not have other techniques to do better or covered up for conflict of interest.

Long before 1917, each business practitioner determined his or her own protocols and there were no existence of any authoritative pronouncements. This presented several problems and the American Institute of Accountants had to establish technical standards at the demand of governmental officials. Uniform accounting was considered a remedy for the accounting problems around the end of the century. Public accountants helped to design municipal accounting systems that received recognition in an effort to respond to progressive reformers' demands for greater accountability. They were also instrumental in developing more complex accounting systems for rate-regulated industries. Uniformity was established for both financial and cost accounting. It was believed that "uniform" accounting would benefit creditors who used audited financial reports. Still, companies continued to issue stock at will. Consequently, without proper regulations, fictitious companies sold worthless stocks without consideration of shareholders interest, stock value and the economy as a whole. Manipulative practices and fraudulent activities set in, and in 1929 the historic crash of the stock market took place . This alerted the authorities and everybody to prove that there was a lack of control in the market. Then, to bring back stability and trust in the system, the federal government enacted the first significant federal securities laws to ensure transparency in financial statements for investors, and enforce penalties against fraudulent practices and deceptions in the securities market (Benston, G. J., 1973).

The assumption of the stock market crash in 1929 was focused on the fact that investors had inadequate information on corporations' financial situations. It was obvious that the concealed information of corporations caused investors to purchase great amounts of stocks, fueling the boom in the 1920s. Just three years after this crash of 1929, there was another serious one in 1932 which investors lost 86% of their money over 813 days. This market crash combined with the 1929 crash, marked the beginning of the great depression. As a result, the Securities Exchange created the Securities Act of 1933 to provide full and fair disclosure of the activities of securities sold interstate and in foreign commerce and through the mail (Benston, G. J., 1973). This was also to prevent fraud in the sale henceforth (Blum, 1938). Under this law, issuers of stocks were mandated or obligated to provide full disclosure of relevant financial information to the buyer before the sale. The 1933 act also included a registration procedure, a 20 day waiting period, and civil liabilities, where the buyer has the right to sue for misleading information while the burden of proof is left to the defendant (Simon, 1989).

One year after the 1933 Act, The Securities Exchange Act of 1934 was created to provide pro–governance of securities transactions and regulate the exchanges and broker–dealers in order to protect the investing public. All companies listed on stock exchanges must follow the requirements set forth in the Securities Exchange Act of 1934. Primary requirements included registration of any securities listed on stock exchanges, disclosure, proxy solicitations and margin and audit requirements. From this act the Securities Exchange Commission (SEC) was created. The SEC's responsibility was to enforce securities laws. Many Acts followed after these two namely: Public Utility Holding Company Act of 1935, Trust Indenture Act of 1939, Investment Company Act of 1940, Investment Advisers Act of 1940 and the great Sarbanes–Oxley Act of 2002 (Kohlmeyer, J. M. III, & Seese, L. P., 2003). All these Acts were created for one common purpose "protecting the investors". The question now is, why are investors still losing billions of dollars in the hands of so called "investment companies"? These losses did not happen because the companies financial statements were not audited. The problem was the reliance of auditors on the data that were presented to them. They did not look further than what was presented to see if they were fictitious or genuine (Chung J., & Masters B., 2009). Indeed, most of them were false statements.

Due to the recent Enron embezzlement failure, legislators have had to revisit current laws affecting the way businesses disclose financial information. Congress passed the Sarbanes–Oxley Act in 2002 due to the Enron and WorldCom financial scandals (Kohlmeyer, J. M. III, & Seese, L. P., 2003). This act was designed to control corporate fraud. It mandated public companies to demonstrate greater vigilance in protecting corporate assets (Kohlmeyer, J. M. III, & Seese, L. P., 2003). Some supply–chain security executives say that Sarbanes–Oxley compliance is only a few degrees separated from the due diligence that they did to become certified in the Customs–Trade Partnership Against Terrorism. Securities Act of the 1933 required that investors receive financial and other important information regarding securities being offered for public sale; and prohibited deceit, misrepresentations, and other frauds in the sale of securities. Securities Exchange Act of 1934 was created and the Securities and Exchange Commission and assigned authority to register, regulate, and oversee brokerage firms, transfer agents, and clearing agencies such as the New York Stock Exchange, American Stock Exchange, and National Association of Securities Dealers, which operated the NASDAQ system (Kohlmeyer, J. M. III, & Seese, L. P., 2003).

Regulation has an impact on the demand for, and the role of audit. Effectively, regulators are there to act on behalf of 'principals' to guarantee that their interests are appropriately noted, and there may be more than one 'regulatory principal' for example, where there are regulators of company boards and regulators of auditors. Regulatory reporting requirements can compensate for the weak rights of principals and regulators can help to maintain confidence and trust in markets and the operations of agents (ica). All stockholders in any company have an interest in overall market confidence and consequently, the audited financial statements of other companies because it can have a direct connection on the value of the company they have an interest in. Regulators therefore, have a strong interest in auditing as a way of strengthening trust. Regulatory demand for audit is clearly proven in the United States corporate reporting model through the power granted to the Securities and Exchange Commission (SEC).

2. Regulatory Corporate Reporting Model in the US

The United States regulatory style developed from the 1933 Securities Act. The Act applies to SEC registrants and the resulting financial reporting and oversight structure is directed at giving information for market pricing purposes. This market pricing form of governance and financial reporting was indeed intended to act as a substitute for the lack of stockholders' rights in state law as well as to form a consistent framework for financial reporting. Audits are carried out to give protection against the provision of misleading information to the market influencing share price. However, problems come up as markets are inherently not stable and fluctuate. They do not, consequently, act like principals. As a result, United States regulators have developed a critical role in corporate relationships. That is the introduction of the Securities and Exchange Commission (SEC) under the 1934 Securities Act to deal with the regulation of securities and the 2002 Sarbanes-Oxley Act which established the Public Company Accounting Oversight Board (Kohlmeyer, J. M. III, & Seese, L. P., 2003). United States corporations have stockholders and boards of directors, but stockholders in the United States have little to do with the audit process and auditors have no direct accountability to them. Auditors are however, seen as accountable to the independent directors heading the audit committee. Consequently, they act in place of the owners of the company and the independent directors act as principals (ica).

History has proven that corporate officers deliberately set out to cheat investors and so it became difficult for auditors to detect. The expectation was that the auditor would look over the chief financial officer's shoulder to detect errors and to eliminate aggressive accounting that might be technically correct but gave an overly optimistic picture of the company. Because of the recent scandals that erupted in the 1990s and stretching to 2000, investors and lawyers started looking for embezzlers and those practicing unethical behavior of any form. They happened to discover them in the large accounting firms, some of which were unfairly held liable for failure to detect fraudulent statements (Lousteau, C. L. & Reid, M. E. 2003).

Securities and Exchange Commission (SEC) and other regulators acting as shepherds or protectors for investors technically failed in protecting them (Goldfar, Z.A., 2009). Top officials neglected clear allegations made by some whistleblowers about fraudulent practices of some firms.

3. Some Overlook of SEC in the Past

As far back as 1999, documented allegations of fraud against Madoff investment securities, LLC were presented to the SEC by one Harry Markopolos but they put a blind eye to it (Petterson, S. Jan, 2009, Chung J., & Masters B., 2009). Had the SEC acted to the allegations presented to them by this well qualified Fraud Examiner or Forensic accountant, they would have saved some investors of their losses. In one of his communications to the SEC, which was dated Nov. 7, 2005, Markopolos gave them 13 red flags challenging the legitimacy and legality of Madoff Securities investment scheme (Petterson, S. Jan, 2009). Still no attempt was made to investigate him. An investigator at the Securities and Exchange Commission warned superiors as far back as 2004 about irregularities at Bernard L. Madoff's financial management firm, but she was told to focus on an unrelated matter (Goldfarb, 2009). And that perhaps is the weakness of the SEC that had gone on for decades with their administrators. The SEC received repeated allegations that Madoff was probably cheating investors, including detailed road maps provided by outside businessmen, only to fail to discover the fraud (Goldfarb, 2009). The SEC did not question Mr. Friehling who "caused false and misleading" certified year-end audits to be filed with them from 2004 through 2007 (Rasbaum and Henriquez, March 2009).

4. Analysis

For a fraud to be ongoing for a long time, it would normally not be the activity of one person as it happened in the case of Madoff and Standford, both defrauded investors to the tune of approximately \$65 and \$8 billions respectively. Most frauds are caught through tips either from the external circle or from within the organization. Once there is a tip, the authorities concerned should act promptly, otherwise, it will slip away and that is what happened with the SEC who failed to act when they received several tips and even reports concerning Madoff's case. The SEC's failure to follow the allegations of Madoff and Standford had several weaknesses. When the SEC opened up an inquiry in October 2006 after a routine examination of Stanford Group and stopped because another federal agency asked them to, that was a cause for concern. They would have found out why that investigation had to be stopped (Korotash, S. J., 2009). Again, the SEC opened inquiries five times within a 16-year period concerning Madoff. But in each instance, inexperienced officials, at times ignorant of other agency probes into Madoff, took his explanations at face value and did little to verify them, SEC report declared (Goldfarb, 2009). According to the report by the inspector general, H. David Kotz, "The SEC never properly examined or investigated Madoff's trading and never took the necessary, but basic, steps to determine if Madoff was operating a Ponzi scheme".

From the above failures, there is clear indication that the SEC actually lacked skilled fraud investigators. Skilled forensic or fraud investigators would have gone beyond those numbers that Madoff usually presented to the regulating officials (Chung J., & Masters B., 2009). There were many techniques they would have utilized but could not because they were not trained. The reasons why they did not even try to go further could be many though. As popular as Madoff was on Wall Street and doing well in other activities, caused them to be in denial and they had to shy away from asking questions. Maybe, they feared liabilities in that, if they accused him and it turned out to be false, they could be sued. They might have avoided challenges if it came to technicalities from Madoff being a long time fraudster. They did not know what questions to ask him that might have brought out the facts that would have been vital for the investigations. Some regulating officials might have even thought that Madoff's case was less important because the people who blew the whistle were not investors and had nothing to lose. Investors did not know he was cheating them as long as he was able to pay them dividends until he opted to tell the truth as he was overtaken by events. Somebody had to do something to help them and somebody was the SEC. It did not happen and they lost everything in the hands of bad people. In every bad event, there is some amount of goodness, one just has to be patient in order to discover it. The good thing is that the SEC is now scrutinizing procedures because of irregularities caused by ignorant and unskillful fraud examiners by promising to train their workers and even open a fraud training school (Gallu, J. and Kopecki,D., 2009). That would never have happened if these large Ponzi schemes had not happened unnoticed.

5. Conclusion

Training of SEC employees or opening up a fraud college will be a good idea as the Chairperson, Mary L. Schapiro is suggesting. Using the skills they are going to gain in an ethical way and being smart will be good both for the agency and investors. Being also bold to implement what they are going to study without fear or favor, will eliminate some of the problems which have been faced in the past. As regulators, there should be no information that should be underestimated or overlooked. There is no smoke without fire. And most fraud is discovered through tips or informants. Once that opportunity comes up, it is just wise to use it to investigate. Fraud is committed by people who have gained trust from the people and when they start committing the fraud, nobody will question them. Watch for those with sweet and convincing talks, because they only want you to believe what you already know not what you need to know, the "bad part". Surprise audits of those suspected and their auditors are always the key to successful discovery of frauds. Auditors like Mr. Friehling is a good example to have been surprised with an audit to discover Madoff his client. But in the 16 years and the five attempts to investigate Madoff, nobody thought about that route because there was indeed no expert to suggest that. Trust is number one destroyer of all good intentions of regulators. The SEC's intention is to protect investors and perhaps Madoff was so well known on Wall Street businesses, most of the investigators ignored all warning signs given to them. It was just his status that gave him an advantage to go on for so long and because he had an auditor who was certifying his statements as correct either because he depended on the face value of those statements or because he was earning so much money from him, that he failed to look further. All of these factors do not show any auditing or investigative skills on the part of those concerned. Now with new blood being injected into the SEC system, things are going to be different to an extent. They might not be able to eliminate fraud entirely but it would be prevented somehow.

References

[1] Appelbaum, B. & Hilzenrath D. S., (2008) SEC ignored credible tips about Madoff, Chief says. Retrieved 2/3/2009) from www.washingtonpost.com.

[2] Atkins, Bondi & Bradley, J., (2008) Evaluating the mission: A critical review of the history and evolution of the SEC enforcement program. Fordham Journal of Corporate & Financial Law.

[3] Benston, G. J. (1973). Required Disclosure and the Stock Market: An Evaluation of the Securities Exchange Act of 1934. The American Economic Review. Vol. 63, No. 1. p. 132-155. Retrieved on Sept. 1, 2009, from JSTOR database.

[4] Blum, J. W. (1938). The Federal Securities Act, 1933–36. The Journal of Political Economy.Vol. 46, No. 1. p. 52–96. Retrieved on Sept. 1, 2008, from JSTOR database.

[5] Brierley, J. A., & Gwilliam, D. R., (2003) Human resource management issues in audit firms: a research agenda. Managerial Auditing Journal Vol. 18 Iss. 5

[6] Brown R. (ed), T.T. and E.C. Jack (1905) A History of Accounting and Accountants. Retrieved on 09/12/09 from www.icaew.com

[7] Carolyn L. Lousteau, Mark E Reid (2003) Internal Control systems for auditor independence. The CPA Journal. New York

[8] Chung J., & Masters B., (2009) SEC Illiteracy to blame for Madoff affair. Retrieved 2/6/2009 from www.ft.com.

[9] Chung J., & Mackintosh J., (2009). British peer attacks SEC over gross negligence. Retrieved 8/8/2009 from www.ft.com

[10] Flesher, D. L., Samson, W. D., & Previts, G. J., (2003) The Origins of value–for–money auditing: the Baltimore and Ohio Railroad: 1827–1830. Managerial Auditing Journal Vol. 18 Iss. 5

[11] Gallu, J., & Kopecki, D., (2009) SEC May Send Staff to 'Fraud College' to Detect Future Madoffs. Retrieved 9/18/09 from www.bloomberg.com

[12] Goldfarb, Z. A., (2009) SEC Broadens its probe of failures In Madoff case. Retrieved 6/3/2009 from www.washingtonpost.com

[13] Goldfarb, Z. A., (July 7, 2009) Staffer at SEC had warned bosses about Madoff as long ago as 2004. Retrieved 9/10/09 from CPA Letter Daily.

[14] Goldfarb, Z. A., (2009) The Madoff Files: A Chronicle of SEC Failure; Over and Over, Agency Skipped 'Basic' Steps to Find Fraud, Report Says. Retrieved 9/20/09 from www.finreg21.com.

[15] Goldmann, P., (2009) Hope for better fraud prevenbtion: Re–Thinking white–collar crime deterrence. Fraud Examiner Newsletter Article. ACFE.

[16] Kohlmeyer, J. M. III, & Seese, L. P., (2003) Sarbanes–Oxley Act of 2002: What you need to know.

[17] Samson, W. D., (2000) Exloring the contents of the Baltimore and Ohio railroad annual reports: 18727–1856. Retrieved 9/01/09 from www.allbusiness.com

[18] SCANNELL, K., (2009) Exchanges Offer Varying Views As Regulators Discuss Turf. CPA Letter Daily. AICPA

[19] Simon, C. J. (1989). The Effect of the 1933 Securities Act on Investor Information and the Performance of New Issues. The American Economic Review. Vol. 79, No. 3. p. 295–318. Retrieved on Sept. 1, 2008, from JSTOR database.

[20] Read, W. J., & Rama, D.V., (2003) Whistle–blowing to internal auditors. Managerial Auditing Journal Vol. 18 Iss. 5.

Fostering Ethical Attitudes Among China and U.S. Multi-Generational Business Relationships

Mark R. Bandsuch[1]

Abstract: As the commercial well-being of individual nations becomes increasingly intertwined with the financial strength of their sister states, the relationship between the Chinese and United States economies arguably acts as the linchpin for the overall global economy and its interconnected mechanisms. In addition to their collective immensity, it is the increasing interdependence between the U.S. and Chinese economies that renders the success of their commercial relationship pivotal to the success of the world economy. One simple, but significant aid for enhancing the economic relationship between China, the U.S., and their respective business organizations is to cooperatively design and implement a cross-cultural and multi-generational training program for corporate social responsibility and ethical leadership. This paper investigates how generational differences shape the leadership styles and decision-making frameworks of successful business leaders in both the People's Republic of China and in the United States of America in an effort to learn more about the necessary attributes and skills needed to manage well the relationship between Chinese and U.S. business. The formative experiences of successful executives, communicated through personal interviews and surveys, lay the groundwork for this paper's eventual recommendations on socially responsible and ethically aware leadership development for this new generation of multinational companies in the global economy, especially across generational lines in China and the U.S..

Key words: integrity, Taoism, Buddhism, Confucianism, business ethics, China, ethical culture and climate, stakeholder management, generations

1. Introduction

As the commercial well-being of individual nations becomes increasingly more intertwined with the financial strength of their sister states, the relationship between the Chinese and United States economies arguably acts as the linchpin for the overall global economy and its interconnected mecha-

---

[1] Mark R. Bandsuch is an Associate Professor of Business Law at Loyola Marymount University in Los Angeles, CA. He received a B.S. in Accountancy from Miami University (Ohio) in 1984; a J.D., in 1987, from Cleveland State University; and a M.Div., in 2000, from the Jesuit School of Theology in Berkeley. Professor Bandsuch has published in law reviews and management journals regarding workplace discrimination, workplace spirituality, corporate culture, and training programs for business managers.

nisms. The sheer size of the Chinese and U.S. economies, third and first in GDP respectively (IMF, 2008), make them both individually and jointly very influential upon the global marketplace. Both countries also receive the most foreign direct investment (FDI) in the world (AeA, 2007). In addition to their collective immensity, it is the increasing interdependence between the U.S. and Chinese economies that renders the success of their commercial relationship pivotal to the success of the world economy – an interdependence evidenced in part by the fact that the U.S. exports over 70 billion dollars of goods to the People's Republic of China (PRC) and invests directly another $17 billion (AeA 2007) with them annually.

Trade policies by both countries and business practices by their respective corporations obviously play a critical role in cultivating the synergy possible in this economic interdependence and in likewise preventing the financial and commercial impediments often perpetrated by protectionist policies and unethical business practices. One simple, but significant aid for enhancing the economic relationship between China, the U.S., and their respective business organizations is to cooperatively design and implement a cross-cultural and multi-generational training program for corporate social responsibility and ethical leadership. Although such programs are slowly developing across the globe, and usually contain a high-degree of multicultural awareness and sensitivity, they often fail to address the generational differences among cultures and how those differences impact ethical perspectives both within and between cultures and countries. This paper investigates how generational differences shape the leadership styles and decision-making frameworks of successful business leaders in both the People's Republic of China and in the United States of America in an effort to learn more about the necessary attributes and skills needed to manage well the relationship between Chinese and U.S. business. The formative experiences of successful executives, communicated through personal interviews and surveys, lay the groundwork for this paper's eventual recommendations on socially responsible and ethically aware leadership development for this new generation of multinational companies in the global economy, especially across generational lines in China and the U.S..

The following syllogism frames this paper:

1) The well-being of the global economy depends in part on the economic relationship between China and the U.S.;

2) The economic relationship between China and the U.S. depends in part on a common cross-cultural concept of corporate social responsibility;

3) A common cross-cultural concept of corporate social responsibility depends in part on the consideration of generational differences within and between each culture;

4) Therefore, the well-being of the global economy depends in part on a common cross-cultural concept of corporate social responsibility that adequately integrates generational differences within and between Chinese and American culture.

In order to assist multinational corporations in their effort to improve the global economy, this paper presents a business ethics program that accounts for the generational differences within and between Chinese and American culture.

2. Generational Differences Regarding Business Ethics Within and Between Chinese and American Culture

Cultural factors studied for their impact upon ethical behavior in business include individual characteristics like age, gender, education, and job tenure as well as organizational components like company culture, reward structures, and training programs (Dubinsky and Levy, 1985). As influential as religion, education, and class may be on ethical attitudes, the prominent events experienced within one's generation may be that much more formative to one's moral development (Baltes, 1979).

Every culture makes generational classifications based on the political, social, and moral ideas, experiences, and personality of the youth cohort during a specific historical period (Scappini, 2006). Because these experiences and ideas are shared by a vast majority of young people during the formational stage of their lives, deal with profound and fundamental aspects of society, and occupy a significant political, cultural, and moral position during that particular historical period, they essentially form or transform the cultural dynamics of an entire generation of people, significantly influencing most dimensions of their lives for the duration of their lives (Corbetta, 2002).

Even though each historical period has its own unique defining moments, the impact of those moments are muted somewhat upon persons in the later stages of their life because they are usually less prone to influence and already rooted in their earlier formative experiences (Scappini, 2006). In short, a generation is characterized by the fundamental and formative experiences that significantly and enduringly shape the social, cultural, political, and moral development of a critical mass of young people, simultaneously distinguishing it from previous or subsequent generations (which are formed from their own defining moments).

The following is a summary sketch of the generations in China, their formative experiences, their perspective of integrity, and their view of business ethics, followed by a similar summary of the recognized generations in the United States.

Traditionalists (born before 1945 and currently over 65 years old) were impacted by the Boxer Rebellion against dynastic tradition that led to the founding of the Republic of China in 1911. For the traditionalists, integrity is adherence to the precepts of Chinese culture and tradition as exists in Confucianism and Taoism. Ethics is an institutional obedience reflective of a dynastic past.

Party Members (born between 1949–60, age 45–65) were formed by the brutality and conclusion of the Second Sino–Japanese War that results in the eventual establishment of the communist People's Republic of China. Shaped and disappointed by the Cultural Revolution (1966–76) ands its xenophobia, ethics and decision–making remains obedience to authority as outlined in "the Way" of Chairman Mao's Little Red Book.

Reformers (1961–79, 25–45) experienced enormous economic reforms and an unparalleled openness to western culture after the death of Chairman Mao in 1976. The Tiananmen Square protests in 1989 symbolize their understanding of integrity and ethics as protecting individual rights.

Little Emperors (1980–95, ages 10–25) began with the one child policy in 1978 that coincided with a booming economy and the revival of Chinese culture. Little emperors are self–interested and apolitical so that their ethics and decision–making focus on individual well–being that is tempered by traditional Confucian Ethics and its humaneness for the other.

Globalists (born after 2000, <10) will be shaped by the economic growth and political prowess of the People's Republic of China. The prognosis is that Globalists will push the prominence of China in the global arena with a nationalistic ethic balanced slightly by multinational implications.

The "generations" in the U.S. share a similar chronology, but not their formative experiences.

Veterans (born before 1945; >65) found their identity in World War II and the earlier Great Depression. They view integrity as loyalty and assistance to the larger group, with ethics and decision–making as adherence to rules and norms.

Baby Boomers (1945–60, 45–65) experienced the Civil Rights Movement and other social reform and/or upheaval during their formative years. They see integrity, ethics, and decision–making as being rooted in fundamental values and inalienable rights that can be adapted to different situations.

Gen–Xers (1961–80, 25–45) were influenced by their absentee parents and early political scandals like Watergate. Thus their ethics and decision–making emphasize individual well–being, self–sufficiency, and self–realizaiton.

Millennials (1981–2000, 10–25) have been raised in prosperity and rapid technological advancements. Integrity, ethics, and decision–making all attempt to balance personal development with societal well–being.

Globalists (2000–?, <10) have experienced scandals in all areas of society accompanied by an economic downturn. The prognosis is that Globalists will pursue a reform agenda with emphasis on a transparent ethics and decision–making process that pursues and protects equitable relationships and punishes unethical and illegal behavior.

The interest in cross–cultural business ethics has paralleled the growth of multinational businesses operations (Sims, 2009), a natural consequence of companies encountering differing ethical perspectives in various countries. Academicians, governments, and businesses alike believe that a fuller understanding of cultural differences will improve multinational business relationships, cross–cultural ethics, and global economic development (Blodgett, et al., 2001). This insightful theory contains at least one major flaw: it views each nation as possessing an essentially homogeneous culture, which incorrectly oversimplifies the cross–cultural dynamics of the current global economy.

A more precise and helpful approach to the challenges of cross–cultural business ethics is to consider each "generation" within a country as a distinct culture with their own unique ethical and economic perspectives that need to be understood and accommodated within the respective business relationship. Thus, China and the U.S. are not just balancing two cultures, but rather trying to negotiate ten cultures comprised of five distinct generations within each nation. Although this approach is clearly more complex, it is also a much more accurate and beneficial strategy because each nation,