

Chapter 4: Researching differences in moral judgements

The claim of Descriptive moral relativism is that there are differences in moral judgements across different societies. The previous chapter considered existing evidence of differences in moral judgement relevant to corporate governance in South Africa. This chapter, together with chapters five and six, provides further evidence through two investigations into the views of professional accounting students in South Africa. In this chapter the empirical methods used to assess the claim of Descriptive moral relativism, with specific reference to the South African case and professional accounting students in South Africa, are presented. Chapter five presents the results of the quantitative survey and chapter six presents the results of the qualitative interviews.

As noted in chapter one (section 1.2) there were several reasons for choosing professional accounting students as respondents. Firstly, there is a close relationship between accounting and corporate governance, evident in the joint emphasis on internal controls, audit committees and the importance of accountability and transparency (much of which is addressed through the development of appropriate accounting standards). Secondly, professional accounting students represent a fairly homogeneous group due to the fact that their education is tightly regulated and they have similar career prospects. The group is accordingly suited to investigations into moral differences and analysis of differences between subgroups.

The methods used include (1) a structured questionnaire survey of a group of professional accounting students in South Africa, and (2) a series of semi-structured interviews with professional accounting students in South Africa. These methods address the following research objectives (as outlined in section 1.2) respectively:

- 1.2 To identify the extent to which professional accounting students in South Africa of different racial groups agree regarding the objectives and obligations of corporations;
- 1.3 To identify the extent to which professional accounting students in South Africa agree with the Anglo-American model of corporate governance regarding the objectives and obligations of corporations;
- 1.4 To understand how Black professional accounting students in South Africa perceive the objectives and obligations of corporations.

This chapter is divided into two sections, addressing the methods associated with these research objectives: section 4.1 deals with the structured questionnaire survey which addresses research objectives 1.2 and 1.3, and section 4.2 deals with the semi-structured interviews addressing research objective 1.4.

4.1 Structured questionnaire survey

This section presents the methodology used in the administration and analysis of the structured questionnaire survey by discussing firstly the population and sampling procedures, followed by an articulation of the research question and variables, the development of the survey instrument, and lastly, the analytical procedures used.

Population and sampling

The preliminary research objectives (as presented in the research proposal) focused on the views of professional accountants rather than professional accounting students, and it was initially envisaged that the survey could be conducted amongst professional accountants in practice, similar to previous research into ethical issues conducted amongst members of SAICA (such as Maree & Radloff, 2007). Access to conduct the survey amongst SAICA members was, however, denied in May 2008. Inquiries were thereafter made with a view to conducting the survey amongst trainee accountants at KPMG in South Africa (as the researcher is a former employee of KPMG, and drawing on an informal connection between the researcher's supervisor and a consultant for KPMG's Sustainability Services to assist in gaining access). This request was, however, denied in July 2008.

Facing these difficulties in gaining access to professional accountants, and considering that SAICA is the overwhelmingly dominant professional accounting body in South Africa, a re-orientation of the research objectives to consider professional accounting students was considered. A class of third-year professional accounting students at the University of Pretoria was then identified as a possible respondent group. This particular group was selected as it consists of students studying towards a professional accounting qualification in South Africa, it is fairly balanced in terms of racial and gender representation, and due to the relative ease of gaining access to conduct a survey at the University of Pretoria (by virtue of the researcher's status as a student at the institution). As the researcher is also affiliated to Monash University, consideration was given to also administering the survey at the South African campus of

Monash University (Monash South Africa). This possibility was rejected as the overwhelming proportion of Black students at Monash South Africa (over 90%) would preclude any investigation of differences across racial lines.

No further groups were considered for the survey for several reasons. Firstly, the survey instrument has been developed by the researcher and the single respondent group allows for the instrument to be thoroughly validated (such as through the use of factor analysis) to assist with later replication. Secondly, the number of student respondents at the University of Pretoria (157) was considered sufficient to provide relevant findings, both as a total group, and across Black and White subgroups. Thirdly, the findings are augmented by a qualitative study involving semi-structured interviews with professional accounting students in South Africa (see section 4.2). Lastly, as noted in section 1.2, the claim of Descriptive moral relativism was also investigated through a literature study of existing evidence (see chapter three).

Accordingly, the survey was conducted amongst a single (English-speaking) third-year class of professional accounting students at the University of Pretoria. Due to student numbers, each of the lectures is delivered twice, and the survey was therefore conducted at the end of two identical lectures, administered personally by the researcher to all students present at the lectures. Ethics approvals were obtained prior to administration of the survey from the Research Proposal and Ethics Committee of the Faculty of Humanities at the University of Pretoria, and the Research ethics committee of the Faculty of Economics and Management Sciences at the University of Pretoria.

The respondent group of accounting students at the University of Pretoria is a sample of the wider population of professional accounting students in South Africa. It is not a random probability sample, however, and therefore it is not meaningful to formulate statistical hypotheses or to perform inferential analysis in order to make statistical generalisations about the results of the survey (Morrison & Henkel, 1969, p.186; Shaver, 1993, p.295; De Vaus, 2002, p.171; Blaikie, 2003, p.159). This could be seen as a significant weakness when considering the generalisability of the results. However, despite the lack of statistical generalisability, there are other means through which generalisability can be argued (De Vaus, 2002, p.148). One of the most important of these is through replication studies (Shaver, 1993, p.312), and as noted above, the current study supports this through the development of a validated survey instrument and data analysis from a single site.

Even without inferential statistics or replication, some limited, non-statistical generalisability can be supported. Firestone (1993, p.16) identifies analytic generalisation to a theory and case-to-case transfers as possible techniques, and Williams (2000, p.210) notes that a ‘moderatum’ generalisability is already currently widespread, if unacknowledged, in interpretive research. Referring to case studies in qualitative research (which typically cannot yield statistical generalisations), Silverman (2005, p.128) identifies four ways in which non-statistical generalisations can be drawn: Combining qualitative research with quantitative measures of populations; Purposive sampling guided by time and resources; Theoretical sampling; Using an analytic model which assumes that generalisability is present in the existence of any case.

Case study research is not by necessity limited to qualitative approaches, and the respondent group from the University of Pretoria can be conceived not only as a non-probability sample of professional accounting students, but also as a single, multi-subject case study of professional accounting students in South Africa. With such a re-conception, it is possible to now consider Silverman’s approaches to non-statistical generalisations in more detail (with purposive and theoretical sampling being considered together due to their similarity).

Combining qualitative research with quantitative measures of populations

Silverman (2005, p.128) refers to the use of additional quantitative measures to assist in generalising from a single case, and, citing Hammersley, notes three ways in which this can be achieved: Obtaining information about relevant aspects of the population of cases and comparing our case to them; Using survey research on a random sample of cases; Coordinating several ethnographic studies.

Silverman (2005, p.129) acknowledges that limited resources may restrict the student researcher to the first of these, but that this can nevertheless prove fruitful. For the purposes of this study, this involves comparing the characteristics of the respondent group to known characteristics of the population of professional accounting students in South Africa. Accordingly, some consideration of this population is necessary.

The dominant professional accounting body in South Africa is SAICA, with 29,671 members at the end of 2009 (SAICA, 2010). Other bodies include the Association of Chartered Certified Accountants, reported to have approximately 400 members (Quarshie, 2010), the Chartered Institute of Management Accountants (CIMA) which, according to Botes (2005,

p.141), had approximately 1,200 practising members in 2004²⁵, the South African Institute of Professional Accountants (SAIPA) with over 6,000 members (SAIPA, n.d.), and the Association for Accounting Technicians which was launched in October 2008²⁶. Apart from its numerical majority, at the time of writing (March 2011) SAICA members were the only accounting professionals permitted to provide external auditing services, and a 2005 survey revealed that 90% of South African business decision makers consider the CA(SA)²⁷ designation to be the most important business designation in South Africa (Anonymous, 2005).

Similarly, the population of professional accounting students is dominated by those students wishing to qualify as South African Chartered Accountants with SAICA. Accordingly, although there are students studying towards other professional accounting qualifications, it is appropriate to focus on this group when considering the population of professional accounting students in South Africa.

The period of education and training to qualify as a South African Chartered Accountant is tightly controlled by SAICA and prospective members must study at one of 14 institutions accredited by SAICA (see SAICA (2011) for the list). The University of Pretoria is one such accredited institution. Thirteen of these accredited institutions offer a four-year programme (one offering a three programme), so it could be argued that the University of Pretoria class is one case out of 55. Although this does give an indication of the number of student classes across the country, it should be noted that this does not take into account differences in class sizes, which can vary significantly from institution to institution, and dual offerings in English and Afrikaans at several universities.

A number of important similarities can be drawn between the University of Pretoria case and the population. Firstly, very few undergraduate university students are outside of the age range of 19-25. This is particularly true for professional accounting in South Africa (despite it including a post-graduate fourth year) as the period of formal education is followed by a minimum of three years' traineeship which typically attracts a fairly low salary (relative to other graduates) and thus is not often considered possible for older people with greater financial commitments.

Secondly, the body of knowledge that is required to be taught across the 14 accredited universities is prescribed and tightly regulated through periodic reviews by SAICA. This

includes a detailed prescription of the topics and level of understanding required for the core accounting-related subjects, as well as more general syllabi for other supporting subjects such as Business Ethics, Economics, Law, Management and Statistics. Students studying towards the professional qualification typically have very few, or no, elective subjects throughout their university studies. This uniformity across the accredited institutions means that the students at the University of Pretoria can be expected to have acquired the same knowledge at university as other professional accounting students (at the same year) across South Africa.

Despite these strong similarities, which strengthen the degree to which the results of the survey can be considered generalisable, there are several areas in which differences between the respondent group and the population could occur. Firstly, the respondent group was a class to whom lectures were presented in English, while a number of classes around the country receive lectures in Afrikaans. This potential difference is mitigated by the fact that a considerable number of the students in the respondent group were Afrikaans-speaking, rendering any difference in responses that could be attributed to different language groups negligible. Secondly, the survey was limited to a single institution and a single location. Accordingly, regional differences and differences in institutional culture could conceivably present different responses. Lastly, as only full-time students have been surveyed, differences with part-time students may exist (and as many part-time students are employed in an accounting traineeship, these possible differences could be similar to differences with professional accountants in practice).

Purposive and theoretical sampling

Purposive sampling occurs when a case is selected specifically because the features or processes exhibited by that case reflect the topic of the research (Silverman, 2005, p.129). This stands in stark contrast to the random sampling used when statistical generalisations are made. Since the principal focus of this study is on potential differences between professional accounting students of different racial groups (with particular interest on differences between Black and White respondents), demographics were considered before a respondent group was selected. This resulted in the rejection of Monash South Africa classes as potential respondents due to the overwhelming proportion of Black students. After confirming the approximate demographics of accounting students at the University of Pretoria with an academic staff member at the institution, this respondent group was accepted.

Silverman (2005, p.130) notes that the only difference between purposive and theoretical sampling arises “when the ‘purpose’ behind ‘purposive’ sampling is not theoretically defined”. The interest in differences in moral judgements between students of different racial groups is driven by the claim of Descriptive moral relativism which claims that significant differences between groups exist. When applied to the development of corporate governance in South Africa a focus on racial groups is highly relevant. As noted in chapter one (section 1.1), Descriptive moral relativism is one type of moral relativism, and can be related to the other aspects of moral relativism. There is, therefore, a strong theoretical basis for the selection of the University of Pretoria case.

Silverman (2005, p.131) also refers to the inclusion of ‘deviant’ cases, and to changing the sample size during the research as characteristics of theoretical sampling. Both of these, however, are more applicable to forms of qualitative research in which an initial small, homogeneous group is studied in detail. In such research the inclusion of cases that differ from the rest of the group (‘deviant’ cases) and extending the sample size provide additional means of enhancing generalisability. (‘Deviant’ cases are referred to in the qualitative study discussed in section 4.2 of this chapter.)

Generalisability is present in a single case

This somewhat radical approach appeals to the pervasiveness of certain structures, such as cultural and linguistic structures that can be learnt from a single case (Silverman, 2005, p.134). Perakyla (cited in Silverman, 2005, p.134) even considers the possibility of generalisability to be sufficient, although again it should be noted that this refers primarily to techniques of conversation analysis. With reference to the survey of professional accounting students, however, there is no apparent structural basis upon which one could claim that generalisability is necessarily present in the single University of Pretoria case.

In conclusion, the non-random selection of accounting students at the University of Pretoria precludes any statistical generalisation of the results to the population of accounting students in South Africa. However, the strong similarities between the respondent group and the population, together with the purposive and theoretical justification for the sample provide support for a more limited, non-statistical generalisation of the results. The development of a validated survey instrument and data from a single site also allow for future replication studies.

Research question and variables

Blaikie (2003, p.14) notes that theoretical hypotheses are not considered necessary for descriptive studies. That is, whereas explanatory objectives that seek causal explanations do benefit from the specification of theoretical hypotheses before the data is collected, so that the hypotheses can then be evaluated based on the data, a descriptive objective can be achieved through acquiring and adequately describing the data. In such descriptive studies, restating the objectives as research questions, without omitting any aspect of the objectives, can provide focus for the ensuing data analysis (Blaikie, 2003, p.13). Research objective 1.2 can accordingly be reformulated as a research question as follows:

To what extent do the moral judgements relating to corporate governance differ between professional accounting students in South Africa of differing racial groups?

Research objective 1.3 can be reformulated as a research question as follows:

To what extent do the moral judgements relating to corporate governance held by professional accounting students in South Africa differ from the Anglo-American model of corporate governance with respect to the objectives and obligations of corporations?

Based on the review of corporate governance models presented in chapter two, the following variables that reflect the moral judgements relating to corporate governance were identified:

A. The moral obligations of corporations²⁸:

1. The moral importance of consumers' interests
2. The moral importance of employees' interests
3. The moral importance of government entities' interests
4. The moral importance of the local community's interests
5. The moral importance of shareholders' interests
6. The moral importance of suppliers' interests
7. The moral importance of the wider (national) community's interests

B. The moral objectives of corporations:

1. The moral importance of financial performance and efficiency as a corporate objective
2. The moral importance of decreasing inequality as a corporate objective
3. The moral importance of stakeholder participation as a corporate objective
4. The moral importance of social and environmental concerns as a corporate objective

Although social and environmental concerns were not specifically identified as a corporate objective in chapter two, this is included as it is considered to be an area of significant concern and an area in which moral judgements could be expected to differ.

In order to identify possible differences, the following demographic variables were identified as being of interest:

C. Racial group

1. Asian
2. Black
3. Coloured
4. Indian
5. White

D. Gender

1. Female
2. Male

Respondent age was also considered; however as the respondents are all university students and typically fall within the age range of 19-25 years, it is not considered possible to obtain any meaningful results from any analysis based on age.

Development of survey instrument

Questionnaire items

The final questionnaire as distributed to the respondents is presented in Appendix five. Prior to developing a questionnaire, consideration was given to adopting an existing survey instrument. Although there have been a significant number of studies on perceptions of business ethics, very few of these relate directly to the morality of corporate governance as discussed in chapter two. Two survey instruments which could be related to the morality of corporate governance were, however, identified and include the Perceived Role of Ethics and Social Responsibility (PRESOR) scale developed by Singhapakdi *et al.* (1996), and Aupperle's (1985) instrument used to assess social responsibility orientation. Neither of these was considered suitable for the current study, however, as they do not distinguish adequately between different stakeholder groups, and the questionnaire items do not necessarily address moral judgements.

For each group of moral judgements identified above (variables A1-A7 and B1-B4), a series of questionnaire items that reflect different aspects of corporate governance was developed. For each of the variables A1-A7, regarding the moral obligations of corporations, the following eight questionnaire items were developed:

1. Corporations have a moral obligation to report on their economic activities to...
2. Corporations have a moral obligation to report on their social and environmental activities to...
3. Corporations have a moral obligation to accept new projects that generate financial benefits for...
4. Corporations have a moral obligation to accept new projects that generate social and/or environmental benefits for...
5. Corporations have a moral obligation to reject new projects that may generate financial harm for...
6. Corporations have a moral obligation to reject new projects that may generate social and/or environmental harm for...

7. During long-term strategic planning, corporations have a moral obligation to consider the interests of...
8. In day-to-day decision making, corporations have a moral obligation to consider the interests of...

Associating each of these with each of the variables A1-A7 resulted in 56 separate questionnaire items. Questionnaire items that relate to each of the variables can then be grouped into seven scales, as shown in table 4.1.

Table 4.1
Scales regarding the moral obligations of corporations

Scale name	Description	Questionnaire items (see Appendix five)
CONS	The moral importance of consumers' interests	V5, 12, 19, 26, 33, 40, 47 & 54
EMPL	The moral importance of employees' interests	V6, 13, 20, 27, 34, 41, 48 & 55
GOVT	The moral importance of government entities' interests	V7, 14, 21, 28, 35, 42, 49 & 56
LOCL	The moral importance of the local community's interests	V8, 15, 22, 29, 36, 43, 50 & 57
SHAR	The moral importance of shareholders' interests	V9, 16, 23, 30, 37, 44, 51 & 58
SUPP	The moral importance of suppliers' interests	V10, 17, 24, 31, 38, 45, 52 & 59
NATL	The moral importance of the wider (national) community's interests	V11, 18, 25, 32, 39, 46, 53 & 60

Similarly, for each of the variables concerning the moral objectives of corporations, the following three questionnaire items were developed:

1. Short-term corporate objectives (within 12 months) generate the greatest moral benefit when they are aimed at...

2. Medium-term corporate objectives (1 – 5 years) generate the greatest moral benefit when they are aimed at...
3. Long-term corporate objectives (over 5 years) generate the greatest moral benefit when they are aimed at...

Associating each of these with each of the variables B1-B4 resulted in 12 separate questionnaire items. Questionnaire items that relate to each of these variables can be grouped into four scales, as shown in table 4.2.

Table 4.2
Scales regarding the moral objectives of corporations

Scale name	Description	Questionnaire items
EFFC	The moral importance of financial performance and efficiency as a corporate objective	V61, 65 & 69
EQTY	The moral importance of decreasing inequality as a corporate objective	V62, 66 & 70
PART	The moral importance of stakeholder participation as a corporate objective	V63, 67 & 71
S&E	The moral importance of social and environmental concerns as a corporate objective	V64, 68 & 72

A total of 68 questionnaire items were therefore generated to address the moral judgements relevant to corporate governance, and specifically included aspects of reporting, accepting and rejecting projects, strategic management, decision-making and differing time horizons.

A matrix format was adopted to improve the understandability of the questionnaire (and keep it to a reasonable length) and due to its usefulness where the comparability of different responses is desired (Babbie, 1990, p.140). All questionnaire items relating to a single aspect of corporate governance were grouped together, in order to allow the respondents to clearly differentiate their moral judgements regarding variables A1-A7 and B1-B4. The item dealing

with corporate reporting was selected as the first as this was considered to be the most relevant and interesting for accounting students (Babbie, 1990, p.141).

The investigation of moral judgements can be considered a form of attitude survey. Likert scales of various sorts have been extensively and successfully used in research into attitudes and, as Oppenheim (1992, p.200) notes, can be effective in providing a “reliable, rough ordering of people with regard to a particular attitude”. Accordingly, a six-point Likert scale was used, the option of a neutral response omitted in order to avoid ambiguous results. The six points of the scale were labelled: Completely agree, Mostly agree, Slightly agree, Slightly disagree, Mostly disagree, Completely disagree. The points on the Likert scale were also numbered from one to six.

Together with the 68 questionnaire items measured using the Likert scale, the first three questionnaire items addressed demographic information including the academic year, the gender and the racial group (or ‘ethnicity’²⁹) of the respondent. This relates to variables C1-C5 and D1-D2. Academic year was included as when the questionnaire was drafted it was not yet clear which class or classes would be surveyed.

Validity

Validity refers to “whether a measure of a concept really measures that concept” (Bryman, 2004, p.72). A number of different aspects of validity can be identified (Babbie, 1990, p.133), some of which relate to the current study.

Face validity refers to the degree to which there is a clear and apparent correspondence of the measuring instrument with the concept being measured. The use of direct questions on moral obligations and objectives rather than more general questions on attitudes or the use of hypothetical cases removes ambiguity and enhances the face validity of the instrument. Furthermore, the questions were phrased using clear and consistent terminology that corresponds to the topic of interest (‘moral obligations’, the different stakeholder groups). It can also be argued that the use of a matrix structure prompted the respondents to consider how their views differ across stakeholders and objectives.

Content validity refers to the “degree to which a measure covers the range of meanings included within the concept” (Babbie, 1990, p.134). Variables A1-A7 and B1-B3 were chosen based on the literature review in chapter two (particularly the work of Evan and Freeman (1993), and McDonnell (2002)) and are considered to provide good coverage of the moral

judgements that are implicit in the predominant models of corporate governance. Only a single variable (B4), on social and environmental concerns as a corporate objective, was added as this had not been specifically identified by McDonnell.

The questionnaire items cover a number of different aspects of corporate governance, including reporting, the acceptance and rejection of new projects, long-term strategic planning, day-to-day decision-making and different time horizons for corporate objectives. Although not all aspects of corporate governance are covered (such as audit committees, risk management and executive remuneration), the focus of the questionnaire is on measuring perceptions across different stakeholder groups and different corporate objectives. In this regard, the principal corporate governance issues are covered.

Construct validity refers to the way in which different variables relate to each other within a broader theoretical framework. In this regard, several theoretical predictions can be made regarding the different variables and scales, observance of which provides evidence of the construct validity of the instrument³⁰. Firstly, in the South African (capitalist) corporate environment, shareholders would be considered to have a prominent place, and government interests would be low on the list. Table 4.3 shows the ranking of the different stakeholder groups by their means for the respondent group in total (for each scale, the mean of the mean of the eight questionnaire items).

Table 4.3
Ranking of stakeholder groups

Rank	Scale name	Variable description
1	SHAR	The moral importance of shareholders' interests
2	EMPL	The moral importance of employees' interests
3	LOCL	The moral importance of the local community's interests
4	CONS	The moral importance of consumers' interests
5	NATL	The moral importance of the wider (national) community's interests
6	GOVT	The moral importance of government entities' interests
7	SUPP	The moral importance of suppliers' interests

This ranking broadly corresponds to their theoretical relationship in a capitalist economy, particularly the prioritising of shareholders and the lower ranking of government entities.

Secondly, it would be reasonable to expect that corporations would generally be considered to have greater or wider moral obligations when new projects have the possibility of causing harm than when they may generate benefits. The mean of the mean scores for the total respondent group on the questionnaire items regarding the acceptance and rejection of new projects were calculated. Table 4.4 shows the ranking of these questionnaire items.

Table 4.4
Ranking regarding the acceptance and rejection of new projects

Rank	Questionnaire items
1	Corporations have a moral obligation to reject new projects that may generate social and/or environmental harm for...
2	Corporations have a moral obligation to reject new projects that may generate financial harm for...
3	Corporations have a moral obligation to accept new projects that generate social and/or environmental benefits for...
4	Corporations have a moral obligation to accept new projects that generate financial benefits for...

Again, this ranking corresponds to the theoretical expectation. Accordingly, there is evidence that the instrument measures what it purports to measure, and has construct validity.

Reliability

Reliability refers to the consistency of a measurement instrument (Bryman, 2004, p.70). To ensure reliability, Babbie (1990, p.133) notes that one should “ask people only questions they are likely to know the answers to, ask about things relevant to them, and be clear in what you’re asking”. Taking this into account, a third-year accounting class was specifically chosen as the respondent group as they would likely have some opinions concerning the moral obligations and objectives of corporations. This is particularly true when one considers that a

second-year unit in professional ethics, that covers both general business ethics issues as well as ethics in the accounting and auditing professions, is a mandatory component of their studies.

Reliability can also be expressed in terms of the internal consistency of an instrument, referring to “whether respondents’ scores on any one indicator tend to be related to their scores on the other indicators” (Bryman, 2004, p.71). A commonly used and accepted measure of such internal consistency in survey instruments is Cronbach’s alpha. This coefficient has been computed for all of the scales and is presented in Table 4.5. According to Dunn (cited in Everitt, 2006, p.108), a coefficient of between 0.70 and 0.80 is ‘respectable’ and between 0.80 and 0.90 is ‘very good’. As all of the scales reflect coefficients within these ranges, the internal consistency of the scales is considered acceptable.

Table 4.5
Reliability of scales

Moral obligations of corporations		Moral objectives of corporations	
Scale	Cronbach’s alpha	Scale	Cronbach’s alpha
CONS	0.78	EFFC	0.72
EMPL	0.75	EQTY	0.86
GOVT	0.83	PART	0.72
LOCL	0.81	S&E	0.74
SHAR	0.74		
SUPP	0.86		
NATL	0.83		

In addition to calculating Cronbach’s alpha for each scale, the item-to-total correlation coefficient for each item in each scale can be calculated. This provides a measure of unidimensionality, which in turn reflects the degree to which the scale items measure a single concept. This coefficient has been calculated along with a revised Cronbach’s alpha

coefficient for each item, indicating what the alpha coefficient for the scale would be if that item was omitted from the scale. These have been presented in Tables 4.6 and 4.7.

Blaikie (2003, p.248) notes that it is common to reject items with an item-to-total correlation coefficient of less than 0.30. Only two questionnaire items reflected such a low coefficient (marked in bold in Table 4.6), and consequently the overall unidimensionality of the scales is considered acceptable.

The omission of scale items would improve Cronbach's alpha in only 6 of the 68 items (marked in bold in Tables 4.6 and 4.7). In most of these cases the improvement is marginal, only in the EFFC and PART scales could the improvement possibly be considered significant (from 0.718 to 0.806 and from 0.724 to 0.753 respectively). These items have not however been omitted for the purposes of analysis as the original Cronbach alpha coefficients are within an acceptable range and omission would result in scales consisting of only two items.

Table 4.6
Item-to-total correlations and reliability of questionnaire items: Moral obligations of corporations

Questionnaire item	Scale													
	CONS		EMPL		GOVT		LOCL		SHAR		SUPP		NATL	
	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted
Corporations have a moral obligation to report on their economic activities to...	0.356	0.774	0.346	0.737	0.343	0.835	0.408	0.809	0.217	0.750	0.493	0.860	0.439	0.830
Corporations have a moral obligation to report on their social and environmental activities to...	0.396	0.764	0.434	0.721	0.184	0.850	0.346	0.813	0.497	0.707	0.606	0.848	0.455	0.825
Corporations have a moral obligation to accept new projects that generate financial benefits for...	0.586	0.731	0.424	0.725	0.621	0.803	0.551	0.787	0.467	0.712	0.612	0.848	0.570	0.812
Corporations have a moral obligation to accept new projects that generate social and/or environmental benefits for...	0.453	0.755	0.563	0.695	0.667	0.797	0.602	0.780	0.520	0.701	0.649	0.844	0.624	0.803
Corporations have a moral obligation to reject new projects that may generate financial harm for...	0.440	0.758	0.395	0.729	0.653	0.798	0.553	0.786	0.365	0.738	0.667	0.841	0.573	0.810
Corporations have a moral obligation to reject new projects that may generate social and/or environmental harm for...	0.500	0.749	0.393	0.733	0.533	0.815	0.531	0.792	0.493	0.706	0.570	0.852	0.583	0.811
During long-term strategic planning, corporations have a moral obligation to consider the interests of...	0.574	0.737	0.540	0.709	0.702	0.791	0.644	0.772	0.523	0.715	0.622	0.847	0.673	0.799
In day-to-day decision making, corporations have a moral obligation to consider the interests of...	0.551	0.741	0.500	0.711	0.707	0.790	0.631	0.775	0.515	0.704	0.691	0.839	0.603	0.807

Table 4.7
Item-to-total correlations and reliability of questionnaire items: Moral objectives of corporations

Questionnaire item	Scale							
	EFFC		EQTY		PART		S&E	
	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted	Item-to-total correlation	Alpha if item deleted
Short-term corporate objectives (within 12 months) generate the greatest moral benefit when they are aimed at...	0.556	0.613	0.693	0.850	0.582	0.591	0.577	0.650
Medium-term corporate objectives (1 – 5 years) generate the greatest moral benefit when they are aimed at...	0.720	0.441	0.795	0.754	0.622	0.542	0.615	0.604
Long-term corporate objectives (over 5 years) generate the greatest moral benefit when they are aimed at...	0.386	0.806	0.728	0.810	0.441	0.753	0.518	0.713

Factor analysis

Exploratory factor analysis can “identify the structure of relationships among either variables or respondents by examining the correlations between the variables or the correlations between the respondents” (Hair *et al.*, 1998, p.95). In this study, this statistical procedure is used to identify latent constructs (termed ‘factors’) within the total set of variables. Although variables A1-A7 and B1-B4 are theoretically grounded in the literature, factor analysis provides an alternative assessment of the structure underlying the questionnaire items, based on the correlations among the actual responses to the questionnaire. The factors identified then present alternative scales that can be used to analyse the sample data and can provide additional evidence of the validity of the scales derived from the literature.

Factor analysis was performed three times, firstly for the entire set of questionnaire items, secondly for the set of items relating to the moral obligations of corporations, and thirdly for the set of items relating to the moral objectives of corporations. Preliminary considerations include an assessment of the sampling adequacy and the sufficiency of the sample size. Sampling adequacy is assessed using the Kaiser-Meyer-Olkin (KMO) measure. The KMO for these analyses was 0.711, 0.781 and 0.734 respectively. According to Blaikie (2003, p.221), values higher than 0.700 are considered ‘sufficiently high’. Sampling adequacy is therefore considered acceptable.

Blaikie (2003, p.221) notes that as a rule of thumb, the sample size should be at least 300. Osborne and Costello (2005, p.4) recommend the subject-to-item ratio be used when assessing sample size and note that despite almost one-sixth of the analyses they studied using a ratio of 2:1 or less, error rates can be significant with a ratio as high as 20:1. In this study the subject-to-item ratio is very low at 2.31 for all items, 2.80 for items relating to the moral obligations of corporations, and 13.08 for items relating to the moral objectives of corporations. The results of the factor analysis should consequently not be considered conclusive.

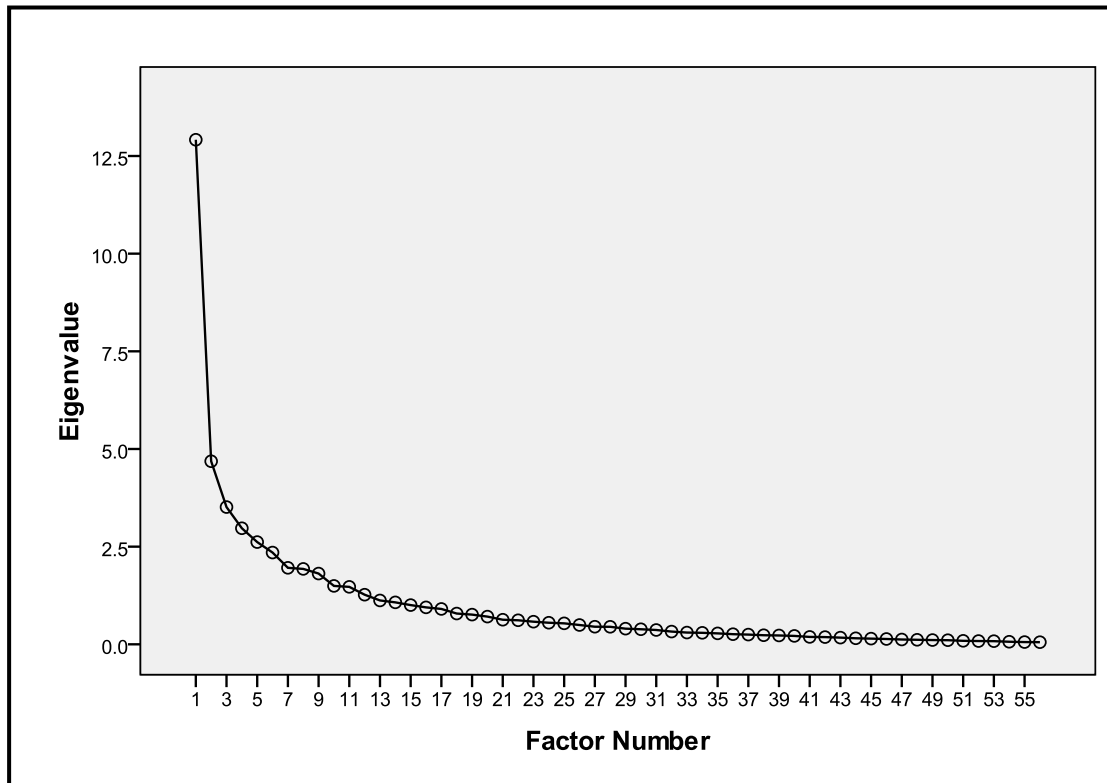
Exploratory factor analyses were performed using Principal Axis Factoring. Hair *et al.* (1998, p.102) suggest Common Factor Analysis (also known as Principal Axis Factoring) as opposed to Principal Components Analysis where the objective is to identify latent constructs underlying the variables, and that can provide an indication of structure. They also note, however, that where the number of variables exceeds 30 or the communalities exceed 0.60, there is usually no difference in the results between these two methods (1998, p.103).

A number of different approaches can be taken in determining the final number of factors. Using the Kaiser method, in which all factors with an eigenvalue greater than one are selected, Principal Axis Factor analysis with a Quartimax rotation provided 18 factors for the entire set of items. However, all of the moral objectives items had primary loadings on five factors which had no other items loading on them. As the analysis on the entire set of items did not therefore appear to add any meaningful information, it was considered more appropriate to work with separate factor analyses for the moral obligations and moral objectives items.

For the set of items relating to the moral obligations of corporations, the Kaiser method suggested a 15 factor solution. Osborne and Costello (2005, p.3) recommend that the number of factors be determined by inspection of the scree plot, rather than the Kaiser method, and Hair *et al.* (1998, p.104) also indicate that the Kaiser method can result in too many factors where there are more than 50 variables. Inspection of the scree plot involves plotting the number of factors against their eigenvalues and then identifying the point at which the curve flattens out. The number of factors at this point is then taken and factor analysis re-run specifying this number of factors. As the process is subjective, additional factor analyses specifying a different number of factors should also be run, and the simplest overall factor solution retained.

The scree plot for the set of items relating to the moral obligations of corporations is shown in figure 4.1. There are two points at which the curve could be considered to flatten out: at 7 factors and at 10 factors. Accordingly, factor analyses were run specifying the number of factors as 7, 8, 9 and 10 factors. Note that this corresponds better with the 7 scales suggested by the literature (hereafter referred to as the 'original' scales) than the Kaiser method.

Figure 4.1
Scree plot



The four factor analyses were then examined to identify all items that have significant loadings (considered to be those greater than 0.40) on more than one factor. The seven and eight factor solutions had the fewest secondary loadings, with each having only eight items (14%) with significant loadings on two factors. Interpretation of the factors suggested that the eight factor solution provided more detail than the seven factor solution, and consequently this solution was retained.

Within the eight factor solution, six of the 56 items did not have a loading of 0.40 or higher on any single factor (V9, 12, 13, 14, 15 & 42) and eight items had significant loadings on more than one factor (V10, 21, 24, 27, 35, 38, 39 & 43). Following Blaikie (2003, p.224), these were removed from the list of items, and the factor analysis re-run (specifying an eight factor solution). One item (V17) had loadings greater than 0.40 on two factors; this was removed from the analysis. The factors were then analysed and labelled in terms of the meaning of the contributing items, each factor was given a short name, prefixed with 'F' to indicate that it is derived from the factor analysis and to distinguish it from the original scales derived from the literature. Inspection of the fifth factor (F-ACCPFIN) revealed four items

that addressed the moral obligation to accept projects with financial benefits for various stakeholders, and one item (V26) that referred to the moral obligation to accept projects with social and environmental benefits for consumers. As this item had the lowest loading out of the five contributing items, and the other four items all referred to accepting projects with financial benefits, this was retained as the label for the factor.

The final eight factor solution, showing the factors, descriptions of what they reflect, abbreviated descriptions of the items loading on each factor, and the factor loadings of each item, is presented in table 4.8.

This exploratory factor analysis has a number of theoretical implications. Firstly, some factors reflect the moral obligations to different stakeholders as postulated in the original scales, specifically the community (factor 1), shareholders (factor 4), government entities (factor 6) and suppliers (factor 7). Secondly, not all factors correspond to individual stakeholder groups, but reflect correlated responses regarding different aspects of corporate governance, notably the moral obligation to reject projects causing harm to stakeholders (factor 2), the moral obligation to report on economic activities to stakeholders other than shareholders (factor 3) and the moral obligation to accept projects generating financial benefits for stakeholders (factor 5). Thirdly, the first factor (with the greatest eigenvalue) combined items addressing moral obligations to both the local community and the wider community - the questionnaire responses therefore did not distinguish between these two stakeholders. Fourthly, day-to-day decision-making and long-term strategic planning for consumers and employees were correlated (factor 8).

It is also of interest to note that the single questionnaire item with the lowest primary loading (V9, with a loading of 0.152) addressed the moral obligation to report on economic activities to shareholders. This central aspect of corporate governance (particularly the shareholder model) is thus seen by the respondents as separate to other items in the questionnaire. As much of the questionnaire deals with other stakeholders and non-financial aspects of corporate governance, this could be seen as providing further evidence of the validity of the instrument (in that a distinction between the shareholder model and the stakeholder model is anticipated in the literature).

Table 4.8
Moral obligations of corporations: final eight factor solution

Factor 1: F-COMM	Factor loading	Factor 2: F-REJC	Factor loading	Factor 3: F-ECONREP	Factor loading	Factor 4: F-SHAR	Factor loading
Moral obligations to the community		Moral obligation to reject projects causing harm to stakeholders		Moral obligation to report on economic activities to stakeholders other than shareholders		Moral obligations to shareholders	
Moral obligation to accept projects with soc. & env. benefits for wider community (V32)	.793	Moral obligation to reject projects with financial harm for consumers (V33)	.670	Moral obligation to report on economic activities to local community (V8)	.679	In long-term strategic planning moral obligation to consider interests of shareholders (V51)	.635
Moral obligation to accept projects with soc. & env. benefits for local community (V29)	.717	Moral obligation to reject projects with soc. & env. harm for employees (V41)	.655	Moral obligation to report on economic activities to wider community (V11)	.669	Moral obligation to accept projects with soc. & env. benefits for shareholders (V30)	.615
Moral obligation to reject projects with soc. & env. harm for wider community (V46)	.689	Moral obligation to reject projects with financial harm for employees (V34)	.643	Moral obligation to report on economic activities to consumers (V5)	.520	In day-to-day decision making moral obligation to consider interests of shareholders (V58)	.603
In long-term strategic planning moral obligation to consider interests of wider community (V53)	.672	Moral obligation to reject projects with financial harm for local community (V36)	.628	Moral obligation to report on economic activities to government (V7)	.506	Moral obligation to accept projects with financial benefits for shareholders (V23)	.572
In day-to-day decision making moral obligation to consider interests of wider community (V60)	.647	Moral obligation to reject projects with soc. & env. harm for consumers (V40)	.602	Moral obligation to report on economic activities to employees (V6)	.407	Moral obligation to report on soc. & env. activities to shareholders (V16)	.509
In day-to-day decision making moral obligation to consider interests of local community (V57)	.624	Moral obligation to reject projects with financial harm for shareholders (V37)	.588				
In long-term strategic planning moral obligation to consider interests of local community (V50)	.576	Moral obligation to reject projects with soc. & env. harm for shareholders (V44)	.530				
Moral obligation to report on soc. & env. activities to wider community (V18)	.547						

Table 4.8 (continued)
Moral obligations of corporations: final eight factor solution

Factor 5: F-ACCPFIN	Factor loading	Factor 6: F-GOVT	Factor loading	Factor 7: F-SUPP	Factor loading	Factor 8: F-CONSEMP	Factor loading
Moral obligation to accept projects with financial benefits to stakeholders other than shareholders		Moral obligations to government entities		Moral obligations to suppliers		Moral obligations regarding the management of consumers and employees	
Moral obligation to accept projects with financial benefits for consumers (V19)	.688	In day-to-day decision making moral obligation to consider interests of government (V56)	.756	Moral obligation to reject projects with soc. & env. harm for suppliers (V45)	.650	In day-to-day decision making moral obligation to consider interests of consumers (V54)	.678
Moral obligation to accept projects with financial benefits for wider community (V25)	.546	In long-term strategic planning moral obligation to consider interests of government (V49)	.729	Moral obligation to accept projects with soc. & env. benefits for suppliers (V31)	.593	In long-term strategic planning moral obligation to consider interests of employees (V48)	.600
Moral obligation to accept projects with financial benefits for employees (V20)	.531	Moral obligation to accept projects with soc. & env. benefits for government (V28)	.576	In day-to-day decision making moral obligation to consider interests of suppliers (V59)	.568	In long-term strategic planning moral obligation to consider interests of consumers (V47)	.527
Moral obligation to accept projects with financial benefits for local community (V22)	.489			In long-term strategic planning moral obligation to consider interests of suppliers (V52)	.426	In day-to-day decision making moral obligation to consider interests of employees (V55)	.464
Moral obligation to accept projects with soc. & env. benefits for consumers (V26)	.475						

For the set of items relating to the moral objectives of corporations, the factor analysis was somewhat simpler. Principal Axis Factor analysis using a Varimax rotation provided a three factor solution using the Kaiser method, with no secondary loadings and all primary loadings over 0.40. Inspection of the scree plot confirmed a three factor solution. The final factor solution is shown in table 4.9.

The factor solution presents two factors (factors 2 and 3) that are identical to the original PART and EFFC scales. The first factor, however, combines the items addressing the moral importance of decreasing inequality and of social and environmental concerns into a single factor (although the items addressing social and environmental concerns have lower loadings than the items dealing with decreasing inequality).

Finally, the reliability and unidimensionality of all factor scales was tested using Cronbach's alpha and item-to-total coefficients. The Cronbach's alpha coefficients ranged from 0.73 to 0.86 across these scales and they can therefore be considered to be internally consistent. There were no items which had an item-to-total coefficient of less than 0.30, and accordingly the scales are considered unidimensional.

For the purpose of analysing the results of the questionnaire, two sets of scales are therefore used (with some overlap). Firstly, the original scales which were derived from the review of the literature in chapter two and which influenced the design of the questionnaire, and secondly, the scales derived from the exploratory factor analysis.

For the moral obligations of corporations, this includes the CONS, EMPL, GOVT, LOCL, SHAR, SUPP and NATL (original) scales, and the F-COMM, F-REJC, F-ECONREP, F-SHAR, F-ACCPFIN, F-GOVT, F-SUPP and F-CONSEMP (factor analysis) scales.

For the moral objectives of corporations, this includes the EFFC, EQTY, PART, S&E and F-EQS&E scales (F-EFFC and F-PART being identical to EFFC and PART).

Table 4.9
Moral objectives of corporations: final three factor solution

Factor 1: F-EQS&E	Factor loading	Factor 2: F-EFFC	Factor loading	Factor 3: F-PART	Factor loading
Medium-term objectives generate greatest moral benefit when decreasing inequality within corp. (V66)	.816	Medium-term objectives generate greatest moral benefit when improving fin performance & eff. (V65)	.882	Medium-term objectives generate greatest moral benefit when encouraging participation of stakeholders (V67)	.788
Long-term objectives generate greatest moral benefit when decreasing inequality within corp. (V70)	.804	Short-term objectives generate greatest moral benefit when improving fin performance & eff. (V61)	.738	Short-term objectives generate greatest moral benefit when encouraging participation of stakeholders (V63)	.740
Short-term objectives generate greatest moral benefit when decreasing inequality within corp. (V62)	.720	Long-term objectives generate greatest moral benefit when improving fin performance & eff. (V69)	.460	Long-term objectives generate greatest moral benefit when encouraging participation of stakeholders (V71)	.425
Long-term objectives generate greatest moral benefit when addressing soc. & env. concerns (V72)	.546				
Medium-term objectives generate greatest moral benefit when addressing soc. & env. concerns (V68)	.543				
Short-term objectives generate greatest moral benefit when addressing soc. & env. concerns (V64)	.483				

Analysis of results

The results of the survey questionnaire are presented in chapter five. This section briefly outlines the procedures adopted in the analysis of the results.

The questionnaire items that address the respondent's racial group ('ethnicity'), gender and academic year are all categorical, nominal data. The items that deal with moral judgements, and were recorded on the six-point Likert scale, are technically categorical, ordinal data; however, as noted by Blaikie (2003, p.215) it is common practice to treat these as metric, interval data, making the assumption that the distances between the six points are all equal. Note that as the actual questionnaire included the numerals 1 to 6 for each item, this assumption is reasonable.

The overall questionnaire responses were analysed using descriptive statistics which include the mean scores on the various scales, frequency distributions, considerations of the range, skewness and kurtosis of the distributions, normality and the existence of outliers. Calculating the mean score for each respondent on each scale provides a score that can be compared to other respondents, even when responses on individual scale items may be missing. When reporting group results the mean of these mean scores was calculated and is referred to. Note that rather than presenting all possible descriptive statistics, these are presented only where they contribute to achieving one of the research objectives.

As noted in the section on the population and sampling procedure (section 4.1) above, the respondent group is not a random sample, and consequently generalisations through the use of inferential statistics is not meaningful. This includes the development of statistical hypotheses and tests of statistical significance, as Blaikie (2003, p.189) indicates:

“...tests of significance are only relevant when we are trying to estimate whether the results we have obtained in a probability sample (or samples) are also present in the population (or populations) from which the sample (or samples) were drawn. Such tests have nothing to do with the importance of the findings, with the degree of completeness of an explanation or with handling errors that may have crept inadvertently into our research.”

This does not mean that statistics are not used in the analysis, only that these are limited to measures of practical significance. These calculate effect size and are particularly useful for

identifying the magnitude of any relationship between variables such as racial group and the mean scores on the various scales. The actual measures used depend on whether the variables are nominal, ordinal or interval, and whether the relationship is symmetrical or asymmetrical (directional), and linear or non-linear. The measures used for the analysis, with their characteristics, are presented in table 4.10. More details regarding the circumstances in which these measures are used is provided in chapter five along with the discussion of the results.

Table 4.10
Measures of effect size

Statistic	Characteristics
Eta (η) and Eta squared (η^2)	Nominal and interval data, symmetrical, non-linear
Pearson's correlation coefficient (r) and the coefficient of determination (R^2)	Metric data (including dichotomous categorical data), symmetrical, linear
Cramér's V	Nominal and ordinal data, symmetrical, non-linear
Lambda (λ)	Nominal and ordinal data, asymmetrical, non-linear

The combination of different measures of effect size enables a thorough investigation of the sample data and the identification and analysis of differences. There is, however, no absolute, objective procedure to assess the importance of these measures and some subjective judgement is required. For the purposes of this study, the value of the coefficients calculated for each of these statistics is interpreted following Blaikie's convention (2003, p.100), presented in table 4.11 (for a similar interpretation see De Vaus (2002, p.272)).

Table 4.11
Convention for interpreting measures of effect size

Coefficient value	Strength of association
0.00	None
0.01 - 0.09	Negligible
0.10 - 0.29	Weak
0.30 - 0.59	Moderate
0.60 - 0.74	Strong
0.75 - 0.99	Very strong
1.00	Perfect

For illustrative purposes only, the results of tests of statistical significance (*t*-tests and ANOVAs) are presented as an appendix to chapter five.

4.2 Semi-structured interviews

This section presents the methodology used in the administration and analysis of the semi-structured interviews by addressing firstly the population and sampling procedures, followed by the research questions and interview schedule, and then the analytical procedures used.

Population and sampling

The primary intention of the semi-structured interviews was to gather “‘authentic’ understanding of people’s experiences” (Silverman, 2005, p.20), and their perceptions, that could provide information concerning how the interviewees perceive the objectives and obligations of corporations. The interviews were analysed using qualitative techniques, and the sample was selected based on theoretical criteria, working within the practical resources and access available to the researcher.

Theoretical sampling refers to the sampling strategy that originated in the grounded theory approach developed by Glaser and Strauss (1967), in which cases are selected based on the underlying theory and the manner in which they can contribute to the development of that theory (Bryman, 2004, p.305). The theory continues to develop as additional cases are

selected until a point of ‘theoretical saturation’ is reached. This is described by Strauss and Corbin (1998, p.212) as the point at which

“(a) no new or relevant data seem to be emerging regarding a category, (b) the category is well developed in terms of its properties and dimensions demonstrating variation and (c) the relationships among the categories are well established and validated”

Although this study does not follow a grounded theory approach, such a theoretical sampling strategy is widely adopted in qualitative studies (Bryman, 2004, p.102). In this study, theoretical sampling is evident in several specific aspects. Firstly, the research seeks to provide evidence either for or against the claim of Descriptive moral relativism that there are differences in moral judgements between different groups. Semi-structured interviews are well-suited to gaining an in-depth understanding of how a group of interviewees perceives the objectives and obligations of corporations. Such an understanding enables an analysis of the interviewees’ beliefs, and a comparison of these beliefs with the morality underlying different models of corporate governance (particularly the Anglo-American model that has shaped corporate governance structures in South Africa) can then identify possible differences in moral judgement. As the majority of the population of South Africa is Black, a sample consisting of Black professional accounting students in South Africa is consequently considered theoretically appropriate.

Secondly, following Silverman (2005, p.132), one of the features of theoretical sampling involves the choice of ‘deviant’ cases as “negative instances as defined by the theory”. In the sample obtained, it became apparent that there are two groups of interviewees that could represent ‘deviant’ cases: students who originated from Kenya and White students. Both of these groups could be expected to present views that differ from the other Black students if the claims of Descriptive moral relativism regarding East African differences, and Black / White differences are true. These two groups were indeed analysed separately, as described in the ‘Analysis of results’ section below and in chapter six.

In order to obtain a sample from the population of professional accounting students in South Africa, interviewees were invited from two educational institutions. Firstly, a total of 122 emails (43 to a second-year class, and 79 to a third-year class) were sent to professional accounting students at Monash South Africa during September 2008, providing a brief

explanatory statement and inviting them to participate in the research project. Secondly, the researcher attended two lectures of a third-year taxation class (that is aimed at, and is a mandatory requirement for professional accounting students) at the University of Pretoria and invited students to participate in the research project. There were 24 positive responses to the emails and 4 responses from the taxation class. Several students cancelled or did not arrive at the interview, resulting in a final total of 21 interviewees (18 from Monash South Africa, 3 from the University of Pretoria). The University of Pretoria and Monash South Africa were targeted due to the relative ease of access to students at these institutions, owing to the researcher's status as student at the University of Pretoria and former lecturer at Monash South Africa. The higher response from Monash South Africa students can be attributed to their familiarity with the researcher as a former lecturer at that campus.

All 21 face-to-face interviews were conducted during October 2008. A single hour was allocated for each interview, and they ranged in duration from 23 minutes to just over one hour, with the mean duration being 38 minutes. All interviews were conducted one-to-one in a private office or meeting room on the premises of either Monash South Africa or the University of Pretoria. A digital voice recorder was used to record the interviews and a South African transcription service was then used to transcribe the interviews. These transcripts were subsequently reviewed and edited by the researcher to ensure that, as far as possible, they present a complete and accurate reflection of the interviewees' comments. Ethics approvals for the interviews were granted by the Research Committee at Monash South Africa, the Standing Committee on Ethics in Research Involving Humans at Monash University in Australia, the Research Proposal and Ethics Committee of the Faculty of Humanities at the University of Pretoria, and the Research Ethics Committee of the Faculty of Economics and Management Sciences at the University of Pretoria.

Of the 21 interviewees who responded to the invitation, 14 were male and 7 were female. Regarding racial group, 18 of the 21 interviewees were Black, and the remaining 3 were White. Regarding country of origin, 8 students were from South Africa, 4 were originally from Botswana, 2 were originally from Kenya, 6 were originally from Zimbabwe, and 1 had family ties with both South Africa and Zimbabwe. All 3 White students were from South Africa. The demographic information for each interviewee is presented in table A6.1 in Appendix six.

The inclusion of students with different countries of origin could be seen to introduce country of origin as a factor in the analysis. As noted in chapter two (section 2.4), however, corporate governance in other African countries is similar to that in South Africa. Furthermore, Botswana, Kenya and Zimbabwe all have colonial (British) legacies and continue to face problems of post-colonial socio-economic development. Botswana and Zimbabwe in particular have strong cultural ties with South Africa, sharing the Tswana and Ndebele languages as well as the concept of *ubuntu* (see section 3.3 in chapter three). Nevertheless, the possibility of country of origin being a relevant factor was considered and specifically addressed by asking the interviewees if their understanding of African values (and *ubuntu* in particular) from their country of origin differed to that in South Africa. Those with Botswana or Zimbabwe as their country of origin indicated that there was no difference, those with Kenya as their country of origin did note some difference. Country of origin was accordingly not considered to be a relevant factor for those students who originated from Botswana or Zimbabwe. The Black students that originated from South Africa, Botswana or Zimbabwe were consequently analysed as a single group, providing moral views that are relevant to corporate governance in South (and, by implication, Southern) Africa and that could be coherently compared to the moralities underlying various models of corporate governance (particularly the Anglo-American model). As noted above, students who originated from Kenya were considered as possible ‘deviant’ cases and these were analysed (and reported) separately.

Following Firestone (1993, p.16), Williams (2000, p.210) and Silverman (2005, p.128), and as detailed in section 4.1 above, arguments can be made for non-statistical generalisability based on, for instance, similarities between the sample and the population and the use of theoretical sampling. However, the primary purpose of the semi-structured interviews is to provide rich accounts of how the interviewees perceive the objectives and obligations of corporations. This stands in contrast to the more restricted interpretation of moral judgements possible using quantitative approaches (see section 4.1). For the purposes of the qualitative study, a small but theoretically appropriate sample is necessary and appropriate.

Research question and interview schedule

To assist in providing focus in both conducting the interviews and the data analysis, the research objective can be reformulated as a research question as follows:

How do Black professional accounting students in South Africa perceive the objectives and obligations of corporations?

In order to encourage the interviewees to provide detailed descriptions of their perceptions, the interviews were semi-structured. Bryman (2004, p.321) describes semi-structured interviews as those where the researcher has a list of interview questions but allows the interviewees considerable leeway in their responses. Although typically all the interview questions are asked, they may not follow the list sequence, and additional questions can be added to follow on from comments made during the interview. This allows the interview to be “flexible, responding to the direction in which interviewees take the interview and perhaps adjusting the emphases in the research as a result of significant issues that emerge in the course of interviews” (Bryman, 2004, p.320). At the same time this allows for an emphasis on “how the interviewee frames and understands issues and events – that is, what the interviewee views as important in explaining and understanding events, patterns and forms of behaviour” (Bryman, 2004, p.321). Accordingly, this is considered an appropriate form of interview to answer the research question posed above.

An interview schedule was developed which contained six specific questions to be covered during the interview, as follows (the full interview schedule is provided in Appendix seven):

1. Do you believe that corporations have moral obligations? If so, to whom?
2. In your opinion, which corporate objectives generate the greatest moral benefit?
3. Do you think that you will have to adapt to a different set of values in corporate life?
4. Do you believe that you hold a different morality to your fellow students regarding business issues?
5. Do you think traditional African values and *ubuntu* are relevant to modern corporations?
6. Do you think that there are differences in the ways people from different racial groups run businesses?

These questions were chosen as they enable a thorough analysis of how the interviewees perceive the moral obligations and objectives of corporations, from several different

perspectives. Whereas the first two questions address the topic directly, the third and fourth questions were included to solicit further information and stimulate further consideration of the topic, particularly if the response to the first two questions was limited. The last two questions addressed issues considered particularly relevant to the South African context.

Rubin and Rubin (2005, p.129) note that the structure of an interview consists of main questions, follow-up questions and probes:

“Main questions are worked out in advance to make sure you cover all the major parts of your research problem, whereas the follow-up questions ask for explanation of themes, concepts, or events that the interviewee has introduced. Probes help manage the conversation by keeping it on topic, signalling the desired level of depth, and asking for examples or clarification.”

Extensive use was made of follow-up questions and probes. While these varied from interview to interview, some follow-up questions and probes were used across most interviews. Typical follow-up questions included asking the following: whether the interviewee considered profit-making to be a moral objective, if the interviewee could rank stakeholders according to importance, if they thought that companies are ever morally obliged to sacrifice profits in order to achieve some other obligation or objective, if they considered that corporations had obligations extending beyond those prescribed by law, whether they considered there to be differences between themselves and their family groups, what they thought of corporate morality at present. Probes were less consistent from interview to interview and usually involved asking for clarification after the interviewee had expressed a certain view, asking the interviewee to elaborate on ‘why’ they held a particular view, and providing some prompts for certain questions (such as mentioning possible moral objectives of corporations after asking the second question in the schedule).

Analysis of results

After the interviews were transcribed and edited for completeness and accuracy by the researcher, the transcripts were imported into QSR Nvivo qualitative data analysis software. This software stores the data and facilitates the coding of data into categories (with possible multiple coding, re-coding or changes to categories) without the use of hard copies.

The interview data was analysed firstly by coding the interviewees' responses into categories. Bryman (2004, p.399) discusses two common approaches to qualitative data analysis: Analytic induction and Grounded theory. Analytic induction proceeds by postulating a hypothesis that explains the phenomena under investigation, examining the data, and then redefining or reformulating the hypothesis (Bryman, 2004, p.400). In contrast, grounded theory does not begin with a theoretically inspired hypothesis, but through examination of the data, concepts and relationships are identified which are then used to specify a theory (Bryman, 2004, p.401). These two approaches apply primarily to research that seeks to explain and/or predict certain phenomena. As this study is primarily descriptive, however, neither the testing nor emergence of theory is the purpose of the research, and consequently the analysis cannot be considered as falling precisely within the approaches of either analytic induction or grounded theory. However, the basic technique through which qualitative data are examined (in both approaches) is maintained in this study. That is, the interview data are examined closely in order to identify themes or categories through which the interviewees expressed their perceptions of the moral objectives and obligations of corporations. Similar comments (often from different interviewees) were then grouped together in these categories.

Initially, categories were set up to correspond to the moral philosophies and stakeholder groups that were identified in chapter two. Two sets of categories were created, one for moral comments, the other for non-moral comments. Within the 'moral comments' set, categories were created for Communitarian ethics, Consequentialism, Kantian ethics, Virtue ethics, Other moralities as well as for moral comments with no indication of any underlying philosophy. Subcategories within each of these were created for the different stakeholder groups. An additional category was created for 'general moral comments' to include data that could not be placed in any of the other preconceived categories. The 'non-moral comments' set included categories for each of the stakeholder groups, as well as an 'irrelevant' category to include information that did not relate to the research question, such as introductory and closing comments. The initial categories are shown in table A8.1 in Appendix eight.

Early on in the coding process it became apparent that these categories would not adequately capture the accounts provided by the interviewees. Accordingly, the categories were continually revised and new categories added. This included summarising the information by stakeholder group rather than moral philosophy, and adding a number of categories under 'general moral comments'. To some extent these additional categories correspond to the list

of interview questions and follow-up questions. Deriving the categories from the data, rather than simply grouping the interview data in terms of the interview schedule questions, however, has the benefit of ensuring that interviewee comments relating to a certain category are coded together, even if they were made in response to different questions. The final set of categories is provided in table A8.2 in Appendix eight. The use of non-moral categories, including those for irrelevant, not comprehensible or other unsuitable data, meant that all interviewee responses could be coded. Reviewing the data sources for any uncoded data therefore provided a further check on the completeness of the data being analysed.

The first aim of the analysis was to provide a thorough description of the views of the interviewees. The interviewee comments were printed by the categories in which they were coded, and then reviewed and briefly summarised on hard copies of the category printouts. The printouts included ‘coding stripes’, which provided an indication of what categories the information was assigned to. Inspection of the coding stripes during the review process provided a further check that the data had been appropriately and accurately coded.

These summaries were then used to write the descriptions of interviewee perceptions presented in chapter six. Where appropriate, the number of interviewees that answered a particular question and that offered a particular viewpoint was counted and is reported alongside a description of the viewpoint itself. During the summarisation process, specific comments made by interviewees that clearly encapsulated a given viewpoint were highlighted. Some of these have been presented in the description provided in chapter six.

The quantity of the interview data meant that a degree of selection was necessary in reporting the interviewees’ perceptions. In the process of summarising the data it became apparent that certain categories would be more informative than others in terms of analysing interviewee perceptions with reference to the underlying morality of corporate governance models (primarily the Anglo-American model). The more important categories were considered to be those that addressed the interviewees’ own perceptions concerning the moral obligations of corporations, the priorities of corporations and the relevance of traditional African values in modern businesses. Accordingly, the categories that included interviewee perceptions regarding different viewpoints amongst different groups were omitted from the description and analysis presented in chapter six. These included perceived differences between different students and with the interviewee’s family, between businesspeople of different racial groups,

and the interviewees' perceptions of different attitudes in the workplace. These have been indicated with an asterisk in table A8.2. As a crude indicator, the omitted categories include 19,099 words, compared to 106,915 words within the categories included in the description and analysis.

Following summarisation and description of the selected categories, the views of the interviewees were reviewed and consideration was given as to how these views compare to the beliefs that underlie the dominant models of corporate governance (primarily the Anglo-American model). Following Bryman's (2004, p.411) insistence that "findings acquire significance in our intellectual community only when you have reflected on, interpreted and theorized your data", the results as presented thus reflect not only what the interviewees communicated, but also some interpretation of the data. This interpretation is presented alongside the description of the interviewees' perceptions in chapter six. Lastly, the views of the students who originated from Kenya and the White interviewees were summarised and described in the same way, before being analysed in terms of how they compare to the views of the other interviewees. Further analysis of the implications of the results of this study for the claims and arguments of moral relativism is presented in chapter eight.

Validity

Babbie (1990, p.133) states that "validity refers to the extent to which an empirical measure adequately reflects the *real meaning* of the concept under consideration" (italics in original). One aspect of this is 'face' validity, which refers to the fit between the data and the concepts ostensibly under investigation (Dey, 1993, p.254). A review of the interview schedule (see Appendix seven) reveals that it does address the objectives and obligations of corporations. Where 'face' validity is often considered by subjective assessment, 'content' validity refers to "the degree to which a measure covers the range of meanings included within the concept" (Babbie, 1990, p.134) and thus provides a more structured consideration of validity. In this study, adequate coverage of the 'range of meanings' was obtained by specifically designing the interview schedule to include a number of questions, all of which addressed the topic of investigation, but from different perspectives. They included direct questioning on the moral obligations and objectives of corporations, as well as other questions such as those regarding morality in the workplace and the role that traditional African values might play. Furthermore, extensive use was made of follow-up questions and probes that allowed for both

breadth and depth in the investigation, served to keep the interview on the topic, and provided further information on areas of specific concern where the opportunity arose.

Dey identified ‘construct’ validity as a further aspect of validity and described it as the “fit (or lack of it) between the concepts we are using and previously established and authoritative concepts” (Dey, 1993, p.255). In this study, the concepts under investigation have been described in some detail, within their academic context, in chapter two. The description and analysis of the interview data was conducted with regard to these concepts.

Dey identified ‘criterion’ validity as a third aspect, which refers to the “fit (or lack of it) between measures provided by different indicators” (Dey, 1993, p.255). Although this cannot be achieved by the interviews alone, a degree of criterion validity is achieved through the use and comparison of qualitative and quantitative (see section 4.1) approaches.

Overall, Dey (1993, p.255) considers that the “whole thrust of qualitative analysis is to ground our account empirically in the data” and notes a number of ways in which this can be demonstrated. These include noting “borderline, extreme and negative as well as straightforward or typical examples” (Dey, 1993, p.256) as well as considering the frequency in which patterns or examples occur. Accordingly, the account of the interviewees’ perceptions provided in chapter six includes not only a description of their views, but, where possible and appropriate, the identification of interviewees with divergent views, and a simple quantification of the frequency of certain perceptions.

Lastly, there are several areas in the research process where it could be argued that there is a potential for bias to present itself. The fact that interviewees were asked to volunteer could lead to a ‘self-selection’ or ‘volunteer’ bias. This could affect the results of the study to the extent that those who are more willing to share their perceptions in the interview setting maintain different views to those who are not. As the interviews were clearly only conducted with those who volunteered, there is no empirical evidence to indicate that this is not the case. However, it would be difficult to theoretically justify a link between the willingness to share one’s views and one’s perceptions concerning the obligations and objectives of businesses. The likelihood of there being a significant bias in this respect is accordingly considered low.

Wherever interviews are conducted the potential for ‘interviewer’ bias exists. This refers to the effect that characteristics of the interviewer have on the interviewees. These

characteristics include gender, age, race and any positions of power such as an employer or teacher. In this study, the interviewer was a former lecturer of 18 of the 21 interviewees. As a former lecturer, and as the lecturer no longer worked at the interviewees' campus, this position of power was significantly weakened. The fact that students at Monash South Africa expressed a greater willingness to be interviewed than those at the University of Pretoria, who were less acquainted with the interviewer, also suggests a level of familiarity that belies the existence of a significantly adverse power relationship. The other principal area of possible bias relates to the difference in racial group, where most of the interviewees are Black and the interviewer is White. Seidman (1998, p.83) notes that while cross-racial interviewing can be problematic and difficult (mainly in terms of establishing a relationship), he also notes that "interviewing requires interviewers to have enough distance to enable them to ask real questions and to explore, not to share, assumptions" (Seidman, 1998, p.84). In this sense, the difference in racial group could actually be considered beneficial as it allows questions such as those concerning traditional African values to be posed by an apparent 'outsider', allowing the interviewees to provide a description without any presupposed assumptions.

Reliability

Babbie (1990, p.132) describes reliability as "a matter of whether a particular technique, applied repeatedly to the same object, would yield the same result each time". This is difficult to achieve in much qualitative research where replication may be impossible. However, a certain degree of internal reliability can be obtained by being consistent and systematic in the data collection, description and analysis. The use of the same interview schedule across all interviewees, and similar follow-up questions with many interviewees contributes to this internal reliability. The systematic approach towards categorisation, summarisation, description and analysis described above also ensures some level of internal reliability. Babbie (1990, p.133) also notes that in order to maximise reliability one ought to "ask people only questions they are likely to know the answers to, ask about things relevant to them, and be clear in what you are asking". This is achieved through the selection of interview questions that are appropriate for second and third-year accounting students, a sample selection process that invited volunteers after describing the topic of the research, and the use of a semi-structured interview that allowed for questions to be repeated or reworded during the course of the interview.

Lastly, Dey (1993, p.251) notes that “if we cannot expect others to replicate our account, the best we can do is explain how we arrived at our results.” The information provided in this section, together with the inclusion of the categories used in tables A8.1 and A8.2 (in Appendix eight) goes some way to providing such an explanation.

4.3 Conclusion

An essential part of any empirical research is an adequate description of the methods used in conducting the research. This allows for an appropriate understanding and appreciation of the results of the research, as well as facilitating replication. This chapter has provided a detailed account of the research methods that are used to assess the claim of Descriptive moral relativism with regard to professional accounting students in South Africa. These methods comprise a quantitative structured questionnaire survey and a series of qualitative semi-structured face-to-face interviews. The questionnaire survey was conducted with a class of professional accounting students at the University of Pretoria, and the face-to-face interviews were conducted with a volunteer group of professional accounting students from both the University of Pretoria and Monash South Africa.

As noted in chapter one (section 1.2), the combination of quantitative and qualitative methods represents a form of triangulation where they both contribute to providing evidence for the same overall research objective. The overall research objective in this case refers to the claim of Descriptive moral relativism and concerns possible differences in moral judgements regarding the obligations and objectives of corporations. In this regard, the quantitative questionnaire survey provides an indication of the moral judgements held by a substantial number of students, and allows for an investigation of differences between Black and White students. The qualitative interviews provide a much more detailed account of the perceptions of a smaller group of Black students.

For both the questionnaire survey and the face-to-face interviews, detailed consideration has been given to the methods through which a sample was selected, the articulation of the research question, the development of the research instrument (the questionnaire and interview schedule) and the methods of data analysis. Specific consideration was given to how both validity and reliability have been ensured. Application of these research methods has resulted in the collection of quantitative and qualitative data that provides direct evidence

of the moral judgements of the sample groups. This chapter has addressed the methods used to obtain and analyse the data; the results of the analysis of the questionnaire data are provided in chapter five, and the results of the analysis of the interview data in chapter six. The implications of these results are then discussed in further detail in chapter eight.