



UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA



GORDON INSTITUTE
OF BUSINESS SCIENCE
University of Pretoria

The Reward Contingency of Ethical Attitudes of Business Stakeholders under Conditions of Moral Ambiguity

Gavin Price

Student number 28722524

A thesis submitted to the
Gordon Institute of Business Science, University of Pretoria,
in partial fulfilment of the requirements for the degree of
Doctor of Business Administration

SUPERVISOR

Professor John M Verster

CO-SUPERVISOR

Professor Gert K Huysamen

4 September 2012

© University of Pretoria 2012

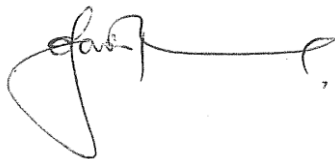
ABSTRACT

Available theory suggests that both issue and context related factors as well as individual factors influence the ethical decision-making process. This study used an experimental design to investigate whether the issue-related construct *reward consequences*, an extension of Jones' (1991) issue-related factor, *magnitude of consequences*, is a strong predictor of attitude of business stakeholders towards the ethicality of a morally ambiguous action, in this case, a strategic competitor bluff. The study also investigated the predictive capability of the personal moral philosophy dimensions of *relativism* and *idealism* in the presence of differential *reward consequences* in a morally ambiguous context. The study found clear support for the predictive capability of the issue-related factor, reward consequences, for the moral decision-maker, however, the personal factor of business stakeholders' *a priori* personal moral philosophy, measured using Forsyth's (1980) Ethics Position Questionnaire (EPQ), was not found to predict their attitudes towards the morally ambiguous action. These findings were consistent across four different business stakeholder roles considered. The findings did indicate, however, that the relativism dimension of the EPQ moderates the relationship between reward consequences and attitude towards the morally ambiguous action. The contributions of the findings to theory bearing on ethical decision-making in the context of morally ambiguous circumstances and stakeholder management are discussed, as are their implications for business management.

DECLARATION

I declare that this thesis is my own work. It is submitted in partial fulfilment of the requirements for the degree of Doctor of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other university.

I further declare that I have obtained the necessary authorisation and consent to carry out this research.

A handwritten signature in black ink, appearing to read 'Gavin Price', with a long horizontal flourish extending to the right.

Gavin Price

Student number 28722524

4 September 2012

ACKNOWLEDGEMENTS

My sincere and heartfelt thanks and appreciation go to the following people:

- Professor John Verster, my supervisor, for his passion, insights, guidance and for never letting me settle for anything less than my best.
- Professor Gert Huysamen, my statistics co-supervisor, for his commitment to get me to strive for precision and clarity.
- My wife, Cindy, for her love and support, both moral and otherwise, and especially her dedication and devotion to helping me refine the document.
- Celeste Coughlan, for her assistance with sourcing articles, helping me with Refworks and with the references.
- Beulah Muller, for her assistance with sourcing various articles and running the Turnitin program.
- Michael Goldman, Nicola Kleyn and other members of the fulltime faculty for the motivation and collegial support that they provided throughout.
- Alex Antonites for providing feedback on earlier drafts and his collegial support.
- Julie Pallant, whose book, SPSS Survival Manual, lived up to its name.

- Professor F.E. Steffens, Jaqui Sommerville and the data capturers at the Statistics Department at the University of Pretoria for their data capturing services and advice relating to the design of the study.
- Tina van der Westhuizen, for her assistance in formatting.
- The three examiners whose valuable and insightful inputs ensured that this work was up to the high standards expected by all stakeholders, particularly myself.
- Last, but not least, my Dad, for his sustained support throughout the whole project and for providing a sounding board and motivation whenever I needed it.

TABLE OF CONTENTS

1	CONTEXT AND RATIONALE FOR THE STUDY	1
1.1	INTRODUCTION.....	1
1.2	BACKGROUND AND CONTEXT	2
1.3	THE SOUTH AFRICAN CONTEXT.....	6
1.4	OPERATING IN DYNAMIC MARKETS	7
1.5	ETHICS AND STRATEGY	7
1.6	THE RESEARCH PROBLEM	10
1.7	PURPOSE OF THE RESEARCH	10
2	REVIEW OF THE LITERATURE	13
2.1	CLARIFICATION OF KEY CONCEPTS	13
2.2	STAKEHOLDER THEORY	15
2.3	THE ETHICAL DECISION-MAKING PROCESS	19
2.3.1	The Stages in the Ethical Decision-Making Process.....	19
2.3.2	Factors That Influence Ethical Decision-Making	23
2.3.3	The Interactionist Model of Ethical Decision-Making.....	23
2.3.4	Contingency Theories	25
2.3.5	The Issue-contingent Model.....	26
2.4	INDIVIDUAL FACTORS INFLUENCING DECISION-MAKING	34
2.4.1	Personal Moral Philosophies and Ethical Ideology	34
2.4.2	Cognitive Moral Development and Ethical Judgment.....	44
2.4.3	Gender, Age, Nationality, Management Experience, Religion and Education	47
2.5	CONCLUSIONS FROM REVIEW OF LITERATURE	48
3	RESEARCH DESIGN	52
3.1	THE RESEARCH QUESTIONS	52
3.1.1	Research Question 1	52
3.1.2	Research Question 2	53
3.2	OPERATIONALISATION OF CONSTRUCTS	54
3.2.1	Reward Consequences (RC)	54
3.2.2	Stakeholder Role (SR)	55
3.2.3	Moral Philosophy Dimensions.....	55
3.2.4	Attitude Toward the Ethicality of Competitor Bluffing (ATECB).....	56
3.2.5	Demographic Control Variables	56
3.3	RESEARCH OBJECTIVES	56
3.4	RESEARCH HYPOTHESES.....	57
3.4.1	Hypothesis 1	58
3.4.2	Hypothesis 2	58
3.4.3	Hypotheses 3A, 3b, 3C and 3D.....	58
3.4.4	Hypothesis 4	59
3.4.5	Hypothesis 5	60

3.4.6	Hypothesis 6	60
3.5	DESIGN OF THE STUDY	60
3.6	OVERVIEW OF THE EXPERIMENT AND PROCEDURE	62
3.6.1	Execugame	63
3.7	THE EXPERIMENTAL DESIGN	65
3.8	THE PROCESS OF THE ASSIGNMENT OF PARTICIPANTS.....	69
3.8.1	Allocation of the Participants to companies.....	69
3.8.2	Assignment of the Stakeholder Role Levels in the Experimental Design	69
3.8.3	Assignment of Participants to Stakeholder Role	70
3.9	THE DOUBLE-BLIND DESIGN	70
3.10	THE NATURE OF THE EXPERIMENTAL TREATMENTS.....	72
3.10.1	The morally ambiguous action	75
3.10.2	Competitor Bluffing.....	81
3.10.3	The measurement of Attitudes Towards the Ethicality of Competitor Bluffing.....	83
3.11	THE CONTROL OF NUISANCE VARIABLES.....	85
3.12	THE MEASUREMENT OF PERSONAL MORAL PHILOSOPHY	86
3.13	THE CONTROL OF SOCIAL DESIRABILITY RESPONSE BIAS	86
3.14	ECOLOGICAL VALIDITY	87
3.15	SAMPLE FRAME AND SAMPLING	88
3.16	UNITS OF ANALYSIS.....	88
3.17	CONSENT TO USE PROPRIETARY INSTRUMENTS	89
3.18	DEBRIEF OF THE EXPERIMENT PARTICIPANTS	89
4	METHOD.....	90
4.1	INTRODUCTION.....	90
4.2	THE PILOT STUDIES	90
4.2.1	The Initial Pilot Study	90
4.2.2	The Second Pilot Study.....	92
4.3	THE MAIN STUDY	95
4.3.1	The context	95
4.3.2	Random Assignment Of The Participants	97
4.3.3	The early stages of the Procedure	99
4.3.4	The Competitor Bluff	102
4.4	DEVELOPMENT OF THE STATISTICAL HYPOTHESES TO TEST THE RESEARCH HYPOTHESES.....	103
4.4.1	Statistical Hypothesis 1	104
4.4.2	Statistical Hypothesis 2	104
4.4.3	Statistical Hypotheses 3A, 3B, 3C and 3D	104
4.4.4	Statistical Hypothesis 4	106
4.4.5	Statistical Hypothesis 5	106
4.4.6	Statistical Hypothesis 6	106
5	RESULTS.....	108

5.1	INITIAL STEPS IN THE ANALYSIS PROCESS	108
5.2	DESCRIPTIVE STATISTICS.....	109
5.3	SCALE DEVELOPMENT AND TESTING.....	112
5.3.1	Reliability of the Attitude Towards the Ethicality of Competitor Bluffing (ATECB) Measure	113
5.3.2	Analysis of the EPQ	114
5.4	TESTS OF THE STATISTICAL HYPOTHESES 1 AND 2.....	117
5.4.1	Hypothesis 1	118
5.4.2	Hypothesis 2	119
5.5	TESTS OF THE STATISTICAL HYPOTHESES 3A-D, 4 AND 5.....	122
5.6	TESTS OF STATISTICAL HYPOTHESIS 6.....	127
6	DISCUSSION	130
6.1	INTRODUCTION.....	130
6.2	DISCUSSION OF THE FINDINGS OF THE STUDY.....	130
6.3	THEORETICAL IMPLICATIONS	133
6.3.1	The Impact of Reward Consequences on Attitudes Towards the Ethicality of Morally Ambiguous Acts.....	133
6.3.2	Ethical Ideology in the Presence of Reward Consequences	136
6.3.3	Decision-Making in Morally Ambiguous Circumstances....	137
6.3.4	Prediction of Attitude in a Morally Ambiguous Context.....	138
6.3.5	Moral Awareness and Imagination.....	139
6.3.6	Stakeholder Theory Development.....	140
6.3.7	Improving the Methodological Quality of Research in the Field of Ethical Decision-Making	141
6.4	PRACTICAL IMPLICATIONS	142
6.4.1	Motivation to Use Ethical Tests.....	142
6.4.2	Unintended Consequences.....	144
6.4.3	Dealing with Stakeholders.....	144
6.5	RESEARCH LIMITATIONS	145
6.5.1	The Use of a Strategy Simulation Exercise	145
6.5.2	The Use of Stakeholder Role Players	146
6.5.3	Strict Randomness Not Used.....	147
6.5.4	The Effects of Organisational Culture Not Controlled.....	147
6.5.5	Use of a previously untested scale and EPQ reliability	148
6.5.6	Problems encountered with the DIT-2.....	148
6.6	RESEARCH DIRECTIONS.....	149
7	CONCLUSION	152
	REFERENCES	154
	APPENDICES	173
	APPENDIX A: THE PLAYER'S MANUAL FOR EXECUGAME	174

APPENDIX B: EXAMPLES OF THE NEWSPAPER ARTICLES USED ACROSS THE 16 DIFFERENT TREATMENT CONDITIONS.....	212
APPENDIX C: THE VERSION OF FORSYTH'S (1980) EPQ USED IN THE STUDY	229
APPENDIX D: LIST OF JOB DESIGNATION AND COMPANY OF PARTICIPANTS	238
APPENDIX E: INSTRUCTIONS FOR EACH STAKEHOLDER ROLE	244
APPENDIX F: ADAPTED ATBEQ INCLUDING ATECB ITEMS	250
APPENDIX G: INTER-CORRELATION MATRIX OF STUDY VARIABLES ..	252

LIST OF TABLES

Table 1: The Dimensions of Moral Intensity.....	30
Table 2: Taxonomy of Personal Moral Philosophies.....	36
Table 3: Assignment of Levels of the Independent Variables (SR and RC) Within and Across Companies and Worlds.....	68
Table 4: Operationalization of the Reward Consequences per Stakeholder Role	75
Table 5: Home Language	110
Table 6: Gender.....	111
Table 7: Years of Management Experience.....	111
Table 8: Religion.....	112
Table 9: Age	112
Table 10: ATECB Cell Means and Cell Frequencies for RC x SR ANOVA.....	121
Table 11: RC x SR ANOVA for ATECB Scores	121
Table 12: ANOVA for Planned Contrasts among ATECB for different RC.....	121
Table 13: Multiple Hierarchical Regression of ATECB on Predictors	126
Table 14: ATECB Means and Standard Deviations for EPQ Ethical Ideology Types.....	128
Table 15: ANOVA on ATECB Mean Differences for Ethical Ideology Types ..	129

LIST OF FIGURES

Figure 1: Rest's (1986) Four Stage Model of the Ethical Decision-Making Process.....	20
Figure 2: A Contingency Model of Ethical Decision-Making	26
Figure 3: Synthesis of Ethical Decision-Making Models	27
Figure 4: An Issue-Contingent Model of Ethical Decision-Making in Organisations	28
Figure 5: Stages of Cognitive Moral Development	45
Figure 6: An integrated framework of ethical decision making under conditions of moral ambiguity	50
Figure 7: The Optimum Three-factor EPQ Model	116

LIST OF ACRONYMS

ATBEQ	Attitude towards Business Ethics Questionnaire
ATECB	Attitude towards the Ethicality of Competitor Bluffing
CEV	Corporate Ethical Value Questionnaire
CMD	Cognitive Moral Development
DIT	Defining Issues Test
DIT-2	Defining Issues Test 2
EPQ	Ethics Position Questionnaire
GIBS	Gordon Institute of Business Science
IDEAL	Idealism
MES	Multidimensional Ethics Scale
PMI	Perceived Moral Intensity
RELAT	Relativism
RC	Reward Consequences
SR	Stakeholder Role
SRP	Stakeholder Role Player
TPB	Theory of Planned Behaviour

"Men never do good unless necessity drives them to it; but when they are free to choose and can do just as they please, confusion and disorder become rampant."

Niccolo Machiavelli

1 CONTEXT AND RATIONALE FOR THE STUDY

1.1 INTRODUCTION

When confronted with an ethical dilemma, individuals may well be able to recognise what kind of normative principles they apply. They are, however, far less likely to appreciate why in fact they thought about the dilemma in a particular way (Crane & Matten, 2011). Various descriptive models of ethical decision-making have been developed to represent both the stages and influences of ethical decision making with a view to better understanding the process, including those by Linda Trevino (1986), Ferrell and Gresham (1985) and Thomas Jones (1991). A better understanding of the individual decision-making process is required in situations involving ethics and social responsibility, according to Vitell and Paolillo (2004). Such better understanding would, in turn, effectively enhance ethical and socially responsible business practices (Vitell & Patwardhan, 2008). It is thus imperative to understand how ethical attitudes, intentions and decisions are actually arrived at, what factors influence this process and how this happens under different circumstances. Thus there is a need to develop a deeper understanding of the descriptive as opposed to the normative perspective of business ethics through empirically based models. In other words, there is a call to understand what “is” as opposed to what “ought to be”.

This study recognises the need for more pragmatic, empirically-based knowledge to be gained in the area of business ethics to ensure that the subject continues to remain both relevant and helpful to business decision makers and other relevant stakeholders.

1.2 BACKGROUND AND CONTEXT

Despite an increased focus on the importance of business ethics globally, caused in part by a spate of business scandals, starting with Enron, Parmalat and WorldCom, the number of unethical incidents seems to have increased. There appears to be a continued number of media reports detailing the unethical behaviour of senior business decision makers, both globally and in South Africa. By way of example, in the recent period from 2010 to 2012 the business headlines worldwide and in South Africa were dominated by stories of ethical improprieties, inter alia:

- Barclays Bank's involvement in the interest-rate-fixing LIBOR scandal (Matthews, 2012).
- Wal-Mart de Mexico paid bribes to Mexican government officials to get various permissions to open new stores faster than if Mexican laws had been followed (Blodget, 2012).
- Sharemax sold shares in shopping centres through a syndication scheme knowing full well that their rental income would have to be approximately triple the market rate in order to achieve the returns

promised to their, mainly retired, investors (Price & van der Walt, 2012; van Zyl, 2010).

In today's business environment the pressure on CEOs and company directors to establish and maintain a cogent and unambiguous moral environment is formidable. This is made more difficult by the existence of ethically diverse views and standards held by the various stakeholders that make up the constituents of any business (Robertson, 2008).

The 2008 financial credit crunch, the resultant financial crisis and economic downturn in the developed world have created a renewed focus on the need for companies to be more competitive as well as the need for ethical conduct. Thus the link between ethical organisational practices and competitive advantage has become increasingly apparent (Amalric & Hauser, 2005; Aqueveque, 2005; Shen & Chang, 2009).

In order to achieve a sound moral environment, it is incumbent upon business leaders to understand both the ethical decision-making process and the factors that influence it. This understanding, in part, comes from an appreciation of the attitudes toward ethical issues currently held in the business environment and how these attitudes are formed and what factors influence them.

Many models of ethical decision-making are underpinned by the assumption that an individual typically adopts rational strategies in moral reasoning and action (e.g. Trevino, 1986; Dubinsky & Loken, 1989). However, rationality has many dimensions (A. E. Singer, 1994) including the idea that being rational or irrational resides in the eye of the beholder (M. S. Singer & Singer, 1997). This idea is explicit in Ackoff's (1983) concept of interactive rationality, which refers to how rationality is a function of the way people interact. "To the extent that irrationality constitutes the building block of ethical decision-making, ethical behaviour then becomes a socially constructed reality" (M. S. Singer & Singer, 1997 p. 474). More recent research (Haidt, 2001) proposes a strongly contrasted alternative to the rationalist approach (e.g. Kohlberg, 1969). Haidt's (2001) social intuitionist approach argues that the ethical decision-making process is more akin to perception than reasoning and that while moral intuition is a form of cognition, it is not a kind of reasoning. Moral intuitions may thus be considered to be a subcategory of automatic attitudes (Kennett & Fine, 2009). A better understanding of the factors that would specifically influence ethical attitudes would thus contribute toward the understanding of the ethical decision-making process.

The challenge of developing a model of ethical decision-making is exacerbated by the need to take into account both correlates and causal factors associated with the ethical decision-making process (Frey, 2000). Most research to date has concentrated on the role of either personal

factors (e.g. age, gender, level of education and level of cognitive moral development), or social organisational characteristics (e.g. influence of peer groups, type and existence of ethical codes and ethical climate) as influences on the ethical decision making process (Frey, 2000). This prior research is testimony to the debate over the sources of unethical decisions at the workplace. Qualitative research has produced inconsistent findings regarding the antecedents of unethical choices and there has been a strong call for quantitative studies to “derive statistically valid conclusions” (O’Fallon & Butterfield, 2005, p. 405) about the proposed antecedents (Harrison, Bosse & Phillips, 2010). These inconsistent findings have even led Elm and Radin (2012) to suggest that the ethical decision-making process may not be any different from other decision-making processes, or may be far more intuition-driven than previously postulated. There is a paucity of quantitative research aimed at an understanding of how situational factors and/or personal moral philosophies influence ethical attitudes. Similarly there has been little if any quantitative research aimed at providing an understanding of the nature of the interactions amongst the factors postulated in the various models put forward (e.g. Trevino, 1986). This study aims to contribute to this much-needed understanding by making use of carefully designed quantitative research.

1.3 THE SOUTH AFRICAN CONTEXT

From a governance perspective, the demand on South African business management for high ethical standards is continually increasing, for example through the introduction of new codes, such as the King Code on Governance for South Africa (Institute of Directors [South Africa], 2010) and new legislation, including the new Companies Act (2008). Further requirements, such as privacy legislation and industry-specific codes of conduct will become effective over the next five years (van der Walt, 2010). The current climate of business thus places duties on companies to act in the interests of various stakeholders including their customers, suppliers and employees and to conduct themselves in a manner that is construed as being ethical. This dynamic climate brings into question various actions of companies that once may have been considered ethical. There is therefore a tendency for companies to err on the side of caution in order to appease the perceived expectations of their various stakeholders. This tendency to err on the side of caution may lead companies to adopt more conservative competitive tactics than necessary, which could unduly dampen business performance, to the detriment of all stakeholders. The solution is for companies and managers to be more in tune with the attitudes of their stakeholders so that they may make more informed decisions that are accepted by all concerned as ethically defensible.

1.4 OPERATING IN DYNAMIC MARKETS

South Africa, where the present research is located, requires companies capable of competing effectively not only within its national borders, but internationally. This can be achieved only if such companies have leadership capable of engaging competently with the dynamic business environments in which they must compete. A challenge of growing importance within such competitive and dynamic market environments is the need to steer a defensible ethical course in decision-making.

Companies that practice ethical behaviour consistently in line with the so-called 'triple bottom line' – giving due cognisance to appropriate economic, social and environmental considerations – are less likely to surprise shareholders negatively or disappoint their other stakeholders and hence are less likely to suffer negative publicity or litigation associated with poor governance practices (Holland, 2002). More so, they may be well rewarded for consistently competent ethical decision-making and good governance practice. The need for South African business leaders to develop and demonstrate competence in ethical decision making in multi-stakeholder and multi-national business environments is of paramount importance.

1.5 ETHICS AND STRATEGY

There are many strategic and tactical actions available to companies with a view to gaining an upper hand over their competitors. However, not all

potential actions would be considered ethical by relevant stakeholders, the wider society or the international business community. Executives must thus make a determination on the ethicality of contemplated actions before embarking on them. To do this requires some form of moral compass. How else should executives determine the correct path from an ethical standpoint? Stakeholder management has emerged as the pre-eminent framework for understanding and guiding management decisions and action in relation to growing demands for ethical accountability. Edward Freeman is often called the father of stakeholder theory as a result of his classic book, *Strategic Management: A Stakeholder Approach* (Freeman, 1984). Freeman's initial intent was to "offer a pragmatic approach to strategy that urged organisations to be cognisant of stakeholders to achieve a superior performance" (Lapume et al., 2008). Stakeholder theory is managerial and intimately connected with the practice of business and the creation of value (Freeman, 2000). One of the most frustrating challenges facing business leaders in the context of stakeholder management, however, is that managing a multitude of stakeholder constituencies, each with different attitudes and expectations, can be a difficult balancing act, calling for tough trade-offs to be made to optimise outcomes.

A key step toward effectively managing stakeholders would be to have a more accurate understanding of how their attitude towards the ethicality of potential tactical or strategic actions is influenced and formed. Such

understanding becomes vital for ensuring that informed decisions are made affecting the expectations, interests and positions of different stakeholders.

An example of the type of competitive tactic that a company may consider adopting is competitor bluffing. Competitor bluffing, along with certain other tactics, such as lobbying and tax avoidance, falls into a grey area where ethicality is debatable and contested, even though legality may not be. In order to establish the ethicality of tactical actions, companies are required to apply the principles of business ethics and make a decision whether or not to pursue a particular action. This begs the question of how this should be done in practice. *Stakeholder theory* provides guidance to managers by dictating that the interests of other parties that may be affected by the decision should be considered in addition to the interests of the shareholders (Freeman, 1984). In order to take into consideration the interests of the other stakeholders, however, management needs to develop the ability to discern what the likely attitudes of other stakeholders may be with regard to potential competitive actions or strategies. This is not a trivial challenge. Sound theory based on good business research may be helpful.

The growing challenge to business leaders in this regard is made more complex by the fact that ethical issues are ever present in uncertain conditions where multiple stakeholders, interests and values are in conflict (Trevino, 1986).

1.6 THE RESEARCH PROBLEM

The continuing, perhaps escalating occurrence of business scandals, globally, constitutes evidence of the failure of many business leaders to make ethically sound business decisions. Such failure may be attributable, in part, to the increasing complexity of the environment in which business leaders must operate. An important dimension of this complexity is the moral ambiguity that surrounds many of the options available to business leaders. The ability to navigate these ambiguous waters safely is compromised by the limited ability of many business leaders to understand adequately how various factors influence their own ethical decision-making processes. An appreciation of how different factors affect the ethical decision-making process would enable business leaders to forearm themselves against their own inherent fallibilities and irrationality relating to ethical decision-making.

1.7 PURPOSE OF THE RESEARCH

Taking cognisance of the research problem, this study forms the start and part of a series of studies designed to investigate the factors that influence ethical decision-making with a view to better understanding the decision-making process in the context of competitive business situations that involve multiple stakeholders and issues of moral ambiguity. More specifically, the aim of this study is to investigate the influence of personal moral philosophy and the situational factor of reward consequences on

attitudes towards an ethically ambiguous action of moral decision makers who are affected as stakeholders of the company concerned.

This study is concerned with describing and understanding how the ethical decision-making process actually occurs, rather than how ethicists argue it ought to, thus it falls into the realm of descriptive ethics, which is concerned with describing, characterising and studying the morality of a people, organisation, culture or society (Buchholtz & Carroll, 2012). The focus of descriptive ethics is empirical, aimed at learning what actually occurs in the realm of ethical attitudes and behaviour.

The study aims to make business ethics more useful and relevant to decision makers in the business context by providing insight into the nature and influencing factors of ethical attitudes of both business managers and other stakeholder groups towards ethically ambiguous business behaviour. In pursuing this aim, the study is intended to contribute to the bridging of the gulf that divides practical business managers and theoretical ethicists, as called for by Parmar et al. (2010).

The research narrative reported in the following chapters proceeds from a review and assessment of pertinent literature relating to theoretical arguments and related empirical research bearing on the kernel issues addressed in the above outline of the research problem and research aims. On the basis of the literature study, testable propositions are deductively

derived and summarised in a concise model of the hypothetical decision making process. Clear research questions are then formulated and an experimental design is put forward to enable an empirical examination of the research hypotheses. The experimental study is then described, results are presented, the findings are discussed and their implications for both theory and practice are appraised. Conclusions are drawn that relate back to the research questions. The limitations of the study are acknowledged and recommendations are made both for further research and for practical application of the findings.

2 REVIEW OF THE LITERATURE

This chapter examines the theoretical and empirical literature giving rise to the formulation of the study's research questions and associated hypotheses. The narrative begins with an exposition and appraisal of stakeholder theory and its relevance to ethical decision making in the context of business management. The literature review then covers a discussion and critique of the models that have been developed to explain the ethical decision-making process and the nature of the factors that influence this process. Theories relating to personal moral ideology are then examined, in particular the work of Forsyth and associates concerning the development of the Ethics Position Theory (EPT) and related empirical work involving this theory in the context of ethical decision-making. . Next, propositions derived from the theoretical review are formulated with a view to subsequent operationalisation and empirical evaluation. The chapter is concluded with the presentation of a conceptual framework representing the key constructs under study and their hypothesised relationships.

2.1 CLARIFICATION OF KEY CONCEPTS

The study of the pertinent literature begins with the introduction and elaboration of some of the central concepts. This study falls centrally into the field of applied business ethics. Taylor (1975) defines [the discipline of] ethics as an "inquiry into the nature and grounds of morality" (p.6) where the term "morality" is taken to mean moral judgments, standards and rules

of conduct. "Moral conduct refers to that which relates to principles of right, wrong and fairness in behaviour" (Buchholtz & Carroll, 2012, p. 234). Within the discipline of ethics and morals, Velasquez and Rostankowski (1985) state that a moral issue is present where a person's actions, when freely performed, may harm or will benefit others. In other words, the "action or decision must have consequences for others and must involve choice, or volition, on the part of the decision maker or actor" (Jones, 1991, p. 367). By logical extension, it can be argued that actions that have consequences for others may also have consequences, whether harmful or beneficial, for the moral decision-maker or actor him/herself. Similarly, the morality or 'ethicality' of actions by others may need to be judged by affected third parties for whom there may be consequences, whether harmful or beneficial. Such extensions to the conceptual work of Jones (1991) and others warrant due attention in future theoretical and empirical research.

Attitude is a central concept in ethical decision-making and refers to the degree to which a person has a favourable or unfavourable evaluation or appraisal of the behaviour in question (Ajzen, 1991). As Bem (1970) succinctly states, "(a)ttitudes are likes and dislikes" (p. 14). Eagely and Chaiken (1993) define attitudes as "a psychological tendency that is expressed by evaluating a particular entity with some degree of favour or disfavour" (p.1). Attitudes may be attributable to prior learning based on previous exposure to similar circumstances (Fishbein & Ajzen, 1975), or to prevailing social norms (Sunstein,1996), but attitude formation may also

occur in the context of the decision making process (Schwartz & Bohner, 2001), while appraising the ethical propriety of an action.

Intentions form part of the general decision-making process and as such behavioural intention is described as an individual's subjective probability of engaging in an action (Ajzen & Fishbein, 1980). Specifically, unethical intention is defined as "the expression of one's willingness or commitment to engage in unethical behaviour", while unethical behaviour in the context of business, in turn, is defined as "any organisational member action that violates widely accepted (societal) moral norms" (Kish-Gephart, Harrison & Treviño, 2010, p. 2; see also Rest, 1986).

2.2 STAKEHOLDER THEORY

The review of the pertinent literature moves to stakeholder theory because, as Jones, Felps and Bigley (2007) state, a major theme of the theory is the nature of the relationships between the firm and stakeholders whose interests often diverge considerably. It is therefore prudent, in the context of ethical decision-making, to be mindful of these potentially divergent interests.

Diller (1999) defines a stakeholder as "any individual or group who can affect or is affected by the actions, decisions, policies, practices or goals of

the organisation” (p. 63-64). According to Weiss (2009), a stake is “any interest, share, or claim that a group or individual has in the outcome of a corporation’s policies, procedures or actions toward others” (p. 44). Thus stakeholders are intimately concerned with the ethical decision-making process, as actual or potential actors in the process and as affected parties in the outcome of the process. Stakeholder theory has gained such “widespread adherence that it currently may be considered the conventionally-accepted position within the business ethics community” (Hasnas, 1998, p. 20).

The advancement of the stakeholder concept parallels the expansion and increased complexity of the business context (Buchholtz & Carroll, 2012). A stakeholder view of the firm, which recognises a multitude of groups that have a stake in the company, can be contrasted with the production and managerial views of the firm that only recognise a responsibility towards the company’s immediate constituent groups, such as owners, suppliers, employees and customers because they can impact the company directly (Buchholtz & Carroll, 2012).

Albinger and Freeman (2000) argue that stakeholder theory is about value creation and trade. They assert that if capitalism is the umbrella under which we analyse value creation and trade, then stakeholder theory is inherently and unapologetically capitalistic. Stakeholder theory, according to Freeman (2000), is about the real world of business, messy

relationships, sometimes filed into neat categories, but often, where customers are suppliers and suppliers are competitors. Albinger and Freeman (2000) support the thesis postulated by Donaldson and Preston (1995), that stakeholder theory is managerial, in the broad sense of that term. It does not simply describe existing situations or predict cause-effect relationships; it also recommends attitudes, structures, and practices that, taken together, constitute stakeholder management. In this sense it can also be normative and prescriptive.

Stakeholder management requires, as its key attribute, simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the establishment of organisational structures and general policies and in case-by-case decision-making (Freeman, 2009). According to Albinger and Freeman, (2000), the original impetus of stakeholder theory, in the context of re-describing the practice of value creation and trade, was to ensure that those with a stake in this practice had attention paid to them. Where stakeholder interests' conflict, the executive must find a way to rethink problems so that the needs of a broad group of stakeholders are addressed. To the extent this is done even more value may be created for each (Harrison et al., 2010). If trade-offs have to be made, executives must then work out how to make the trade-offs and then work on improving them for all sides (Freeman, Harrison & Wicks, 2007). Although effective management of stakeholder relationships helps businesses survive and thrive in a capitalist system, it is also a moral endeavour because it

concerns questions of values, choice and potential harms and benefits, for both individuals and collectives (Phillips, Freeman & Wicks, 2003). It therefore follows that in order to optimise value, one should have a better understanding of the factors that may influence the attitudes and interests of a business's stakeholders.

The divergent interests of the various parties associated with a business have long been recognised, be it from the perspectives of agency theory (Jensen & Meckling, 1976), organisation theory (Wood & Bandura, 1989) or stakeholder theory (Freeman and Phillips, 2002). In recent times, stakeholder theory has become a powerful vehicle to think about how ethics has become central to the core operations of the firm and how managing is a morally laden activity rather than a strictly formalistic and amoral quest for economic gain (Parmar et al., 2010). Stakeholder theory aims to connect a concern for moral conduct with the process of value creation. While business ethicists have made important contributions and clarifications to stakeholder theory, they have yet to embrace the core managerial issues faced by practitioners (Parmar et al., 2010). Stakeholders may also be viewed as moral decision-makers and, as such, it is important to understand how their attitudes towards the actions of a moral actor are affected. Thus, if one recognises that the stakeholder model seeks to optimise value and rewards for all, it is then important in particular to investigate how positive and negative reward consequences may influence the respective attitudes of different stakeholders in the presence of such

situational consequences, with a view to enhancing the quality of business management.

2.3 THE ETHICAL DECISION-MAKING PROCESS

A review of the ethical decision-making process is appropriate in order to understand better whether and how various factors might influence the process when there is a morally ambiguous dimension to the situation. An ethical decision may be described as a decision involving a choice that is likely to have an effect on others and is perceived as ethically relevant by one or more parties (Crane & Matten, 2011). There are two key aspects that models of the ethical decision-making process seek to address: the stages involved in the process and the factors that influence the process. The factors that influence the ethical decision making-process can, in turn, be divided into individual or personal factors and situational factors (Crane & Matten, 2011). The theoretical as well as practical value that can arise out of an understanding of the ethical decision-making process derives from an appreciation of the relative strength of these factors and the nature of the interactions amongst them.

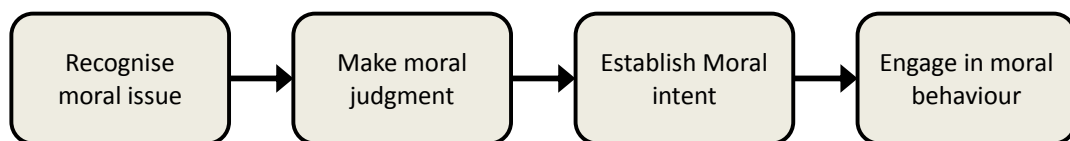
2.3.1 THE STAGES IN THE ETHICAL DECISION-MAKING PROCESS

The seminal four stage process of ethical decision-making and behaviour introduced by Rest (1986) focused solely on the process of ethical decision-

making and action, without providing insight into the factors that may influence the process.

The model proposes that a moral agent must first recognise the moral issue, then make a moral judgment, followed by resolving to place moral concerns ahead of other concerns, thereby establishing moral intent before finally acting on the moral concerns. Figure 1 depicts the four sequentially ordered stages.

Figure 1: Rest's (1986) Four Stage Model of the Ethical Decision-Making Process



Source: Rest, (1986)

The parsimonious model, despite not providing insight into any of the factors that may affect any of the stages, has nevertheless served as a useful basis for the development subsequent, more comprehensive rationalist models, such as Trevino's (1986) person-situation interactionist model and Jones' (1991) issue-contingent model. Jones (1991) maintained that Rest intended for each component to be conceptually distinct and that success in one stage did not ensure success in subsequent stages. Rest's (1986) model and the subsequent models discussed below may be described as following a rationalist approach to ethical decision-making.

These rationalist models of decision-making are in stark contrast to the social intuitionist model of moral judgment developed by Haidt (2001). Haidt argues that moral judgment is typically the result of quick automatic evaluations and that reasoning only occurs when justification or explanation is required. Dubinsky and Loken (1989), in their model, assert that intentions to engage in behaviour are formed by an attitude toward such behaviour. Beck and Ajzen (1991) found that intentions regarding the dishonest behaviour of lying, cheating and shoplifting were strongly related to the subjects' attitudes towards such behaviour, with more positive attitudes towards the unethical behaviour leading to higher levels of intent to act. Similarly, Chen, C. Pan, and M. Pan (2009) demonstrated that if an individual has a more positive attitude toward software piracy, then he or she would be more likely to have an intention to use pirated software. These findings indicate the importance of an individual's attitude towards an action as a predictor of their intention to act.

Dubinsky and Loken (1989) noted that attitude toward ethical/unethical behaviour had not been explicitly considered in either the conceptual or empirical work focusing on marketing ethics. They highlight that the models of Ferrell and Gresham (1985), as well as Hunt and Vitell (1986) proposed that consequences for various stakeholder groups of ethical behaviour will directly influence a person's decision to act. The approach of Dubinsky and Loken (1989) is, however, different in that they argue that evaluating the outcomes of a particular behaviour directly affects attitude toward the

behaviour but only indirectly influences actual performance of the behaviour. A meaningful distinction and advantage of the Dubinsky and Loken (1989) model compared to those of Rest (1986) and Hunt and Vitell (1986) is that it does not rely on the premise that the moral agent or individual making the ethical decision must perceive that there is indeed an ethical dimension to the situation. This is an important distinction as Dubinsky and Loken (1989) argue that intention to act is not necessarily preceded by (deliberate/conscious) cognitive processes, but may be preceded by (subliminal/sub-conscious) intuitive attitudes.

The approach of Dubinsky and Loken (1989) thus appears to be in line with Haidt's (2001) contention of the relative importance of the intuitive nature of moral judgment, in contrast to the rationalist models of ethical decision-making as proposed by Rest (1986) and others. It would thus appear that ethical intent may be preceded not only by rational cognitive judgment as argued by the rationalist theorists (Kohlberg, 1969; Turiel, 1983) or an inherent attitude toward the behaviour as suggested by Fishbein and Ajzen (1975) and Beck and Azjen (1991), but also by quick automated evaluations (intuition) as attitudes are formed in the context of ethical decision making, as suggested by Haidt (2001).

2.3.2 FACTORS THAT INFLUENCE ETHICAL DECISION-MAKING

A number of models have been developed to explain the ethical decision-making process by proposing various factors that may influence the decision-making process. This section considers and appraises the more important models and their associated factors that influence ethical decision-making.

2.3.3 THE INTERACTIONIST MODEL OF ETHICAL DECISION-MAKING

According to Trevino (1986), previous approaches to the study of ethical decision-making in organisations tended to cover either individual role or situational variables, but not both. The *interactionist model* of Trevino (1986) was thus developed to address the lack of theory that covered the interaction between the individual and situational variables thought to influence the ethical decision-making process. The model posits that ethical decision making in organisations is explained by the interaction of individual and situational components. Trevino's (1986) model competes with Rest's (1986) model, while implicitly building on it. Trevino asserts that an individual reacts to an ethical dilemma with cognitions determined by his or her cognitive moral development stage and that additional individual and situational variables interact with this cognitive component to determine how an individual is likely to behave in response to an ethical dilemma. According to Trevino (1986), a person's level of cognitive moral development is thus central to his or her ethical decision-making process.

Trevino (1986), however, also recognised an additional three individual variables namely ego strength, field dependence and locus of control, which would influence the likelihood of an individual acting on cognitions of what is right or wrong. Trevino's (1986) model does not, however, include an individual's personal moral philosophy as an influencing personal factor. In her interactionist model, Trevino (1986) posits that situational variables arising from the context of the job and the broader organisational culture also moderate the cognition/behaviour relationship. Thus her model recognises that ethical decision-making takes place in a social context and can be influenced by social factors. Trevino (1986) notes that organisational culture influences feelings and thoughts and can guide behaviour through establishing collective norms. Thus organisational culture is proposed to have a pervasive impact on the moral judgment of individuals within an organisation. However, in recognising that there are several, more immediate, context variables that could affect moral action, Trevino (1986) highlighted (p. 614) that reinforcement contingencies, such as rewards and punishments, have an impact on the behaviour of most individuals. Trevino (1986) thus recognises that, in addition to situational factors, issue-related factors may influence the decision-making process, in particular reinforcement contingencies in the form of the reward (punishment) consequences for the decision-maker of the action. Ethical or unethical decision-making, following from ethical intent in practical situations, therefore is not merely a function of stable individual characteristics, but also results from an interaction between individual variables and the

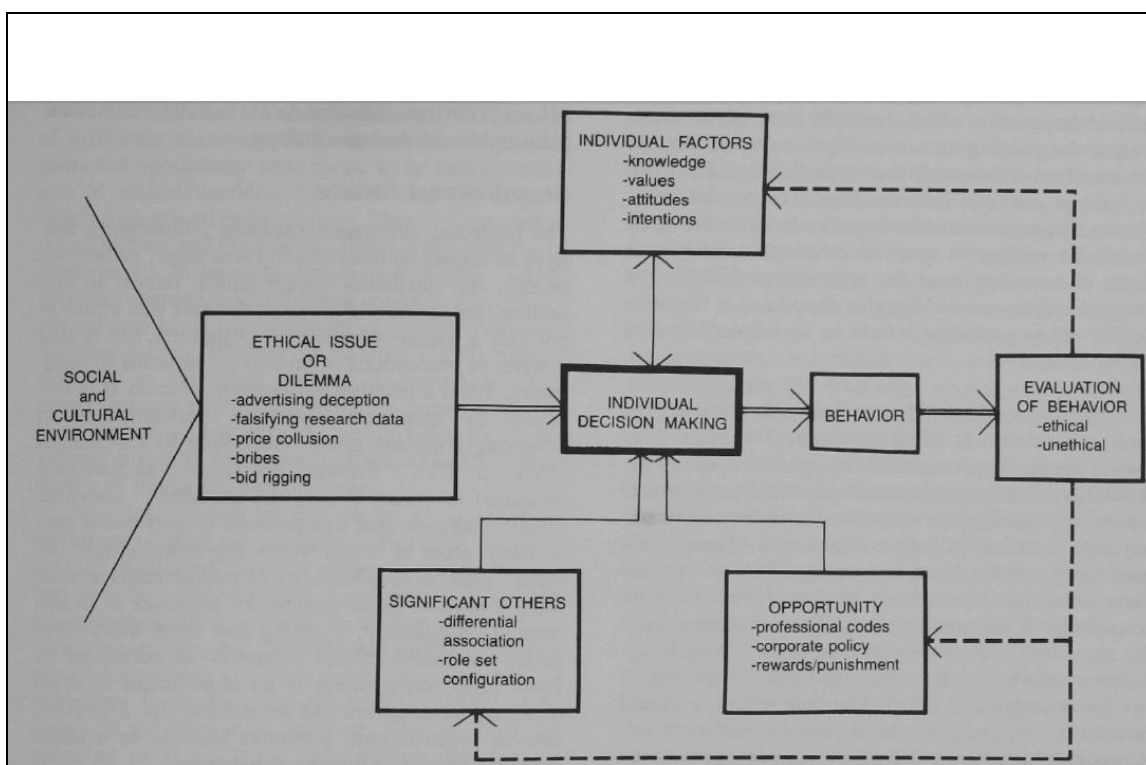
situation (Ferrell & Gresham, 1985). The review of the literature thus proceeds with a focus firstly on situational and issue-related factors followed by consideration of individual factors that may influence ethical decision-making.

2.3.4 CONTINGENCY THEORIES

The contingency framework developed by Ferrell and Gresham (1985) for understanding ethical decision-making in marketing demonstrated that multifaceted factors affect the likelihood of ethical actions by individual decision makers. They posited that individual factors such as knowledge, values and attitudes interact with organisational factors to influence individuals involved in an ethical or unethical decision-making dilemma. Figure 2 depicts their model of how an ethical issue or dilemma within the context of a social or cultural environment is influenced by individual factors, significant others and opportunities and how these factors all play a role in the individual ethical decision-making process. The authors assume that individuals use philosophical assumptions, divided into teleological and deontological types, and note that these philosophies produce standards by which to judge an act (Ferrell & Gresham, 1985). The authors suggest further that attitudes (in general) will affect marketing decision making with respect to ethical/unethical behaviour. They also propose that the greater the rewards for unethical behaviour, the more likely it would be practiced. They further propose that the less the punishment for unethical behaviour,

the greater it is likely to be practiced. The authors go on to state that “regardless of the procedure to develop contingency hypotheses from the theoretical framework, the next step in the ethics research program is to test these hypotheses in a laboratory environment, using an experimental design” (Ferrell & Gresham, 1985; p. 94).

Figure 2: A Contingency Model of Ethical Decision-Making



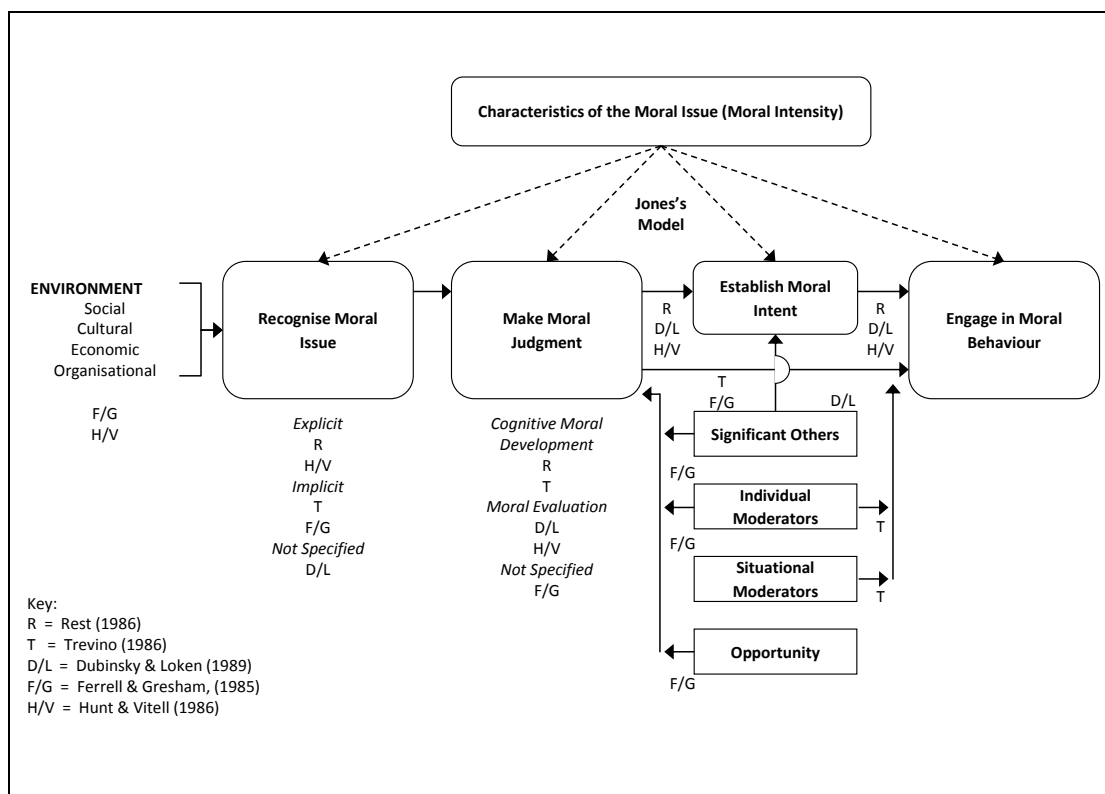
Source: Ferrell and Gresham (1985, p. 89)

2.3.5 THE ISSUE-CONTINGENT MODEL

In a review of research on ethical decision-making in business, Loe, Ferrell and Mansfield (2000) suggested that the Jones’ (1991) model “provides the most comprehensive synthesis model for ethical decision-making” (p. 186). The authors further assert that Jones’ (1991) model represents overall

agreement regarding the variables that influence ethical decision-making. Jones' (1991) model was derived from intuitive, observational and empirical research and was developed because of the recognised failure of previous models to address the issue itself as an influential factor in the ethical decision-making process. It was developed after a rough synthesis of the existing models as depicted in Figure 3.

Figure 3: Synthesis of Ethical Decision-Making Models

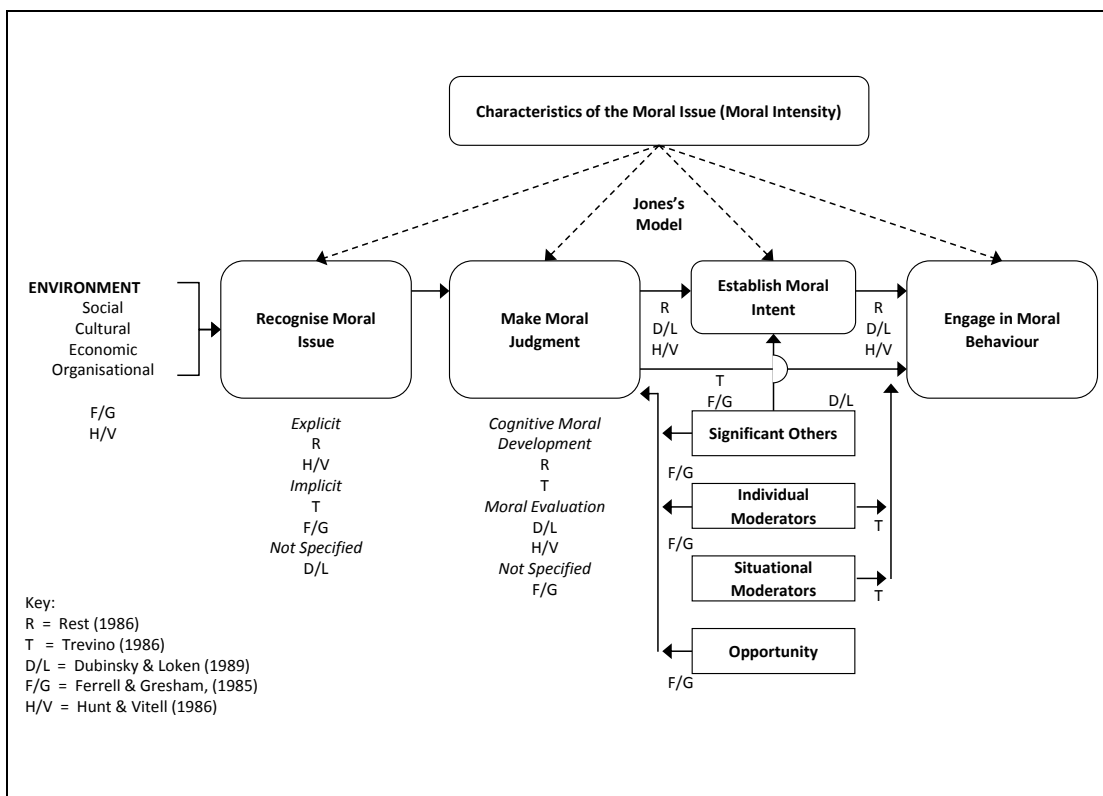


Source: Jones (1991) p. 374

Jones (1991) rightly points out that, while collectively these models are reasonably comprehensive, they fail to include explicitly the characteristics of the moral issue itself as a variable. Jones (1991) correctly highlights this flaw, which implies an assumption that the moral decision-making process

is constant across all moral issues. He attempts to remedy the situation by introducing the characteristics of the moral issue into his ethical decision-making model. A depiction of the processes involved and factors that influence the ethical decision-making process according to Jones (1991) is contained in Figure 4.

Figure 4: An Issue-Contingent Model of Ethical Decision-Making in Organisations



Source: Jones (1991) p. 379

2.3.5.1 MORAL INTENSITY

The key construct developed in Jones' (1991) model of ethical decision-making is *moral intensity*. This refers to the characteristics of the ethical

issue that give rise to the need for ethical reasoning to take place on the part of the decision maker. Jones (1991) proposed that there are six components that make up the construct of moral intensity: magnitude of consequences, social consensus, probability of effect, temporal immediacy, proximity and concentration of effect. A summary of the descriptions for each of these dimensions is contained in Table 1. These underlying characteristics of an issue are argued to affect the ethical decision-making process at various stages (Frey, 2000). Jones (1991) however does not distinguish between attitude and judgment in his model. It should be noted that according to Jones (1991), the six dimensions of moral intensity are characteristics of the issue under consideration, not characteristics of the individual decision maker or the organisational or environmental context (Morris & McDonald, 1995). Using a survey research design, Morris and McDonald (1995) found that after controlling for “several personal characteristics and traits” (p. 723), the moral intensity variables accounted for a significant proportion of variance in the total variance of moral judgment. May and Pauli (2002) conducted a review of sixteen studies that had addressed the influence of the moral intensity construct. Magnitude of consequences was found to have influenced perceptions in a number of studies (Frey, 2000; Singhapakdi, Vitell, & Kraft, 1996) and May and Pauli (2002) concluded that the magnitude of consequences (described in terms of harm to others) and social consensus dimensions appeared to play the most important role in an individual’s judgment. For this reason, these two dimensions of Moral Intensity are discussed further.

Table 1: The Dimensions of Moral Intensity

Dimension of Moral Intensity	Description
Magnitude of consequences	The aggregate harm done to victims or benefits accruing to beneficiaries.
Social Consensus	The level of agreement about the goodness or evil of a proposed act.
Probability of Effect	A joint function of the likelihood of occurrence and the expected consequences of the act.
Temporal Immediacy	The length of time between the act and its ethical consequences.
Proximity	The degree to which the actor can identify with potential victims or beneficiaries
Concentration of effect	The degree to which costs or benefits of the act apply to only a few people.

Source: Jones, (1991)

2.3.5.2 MAGNITUDE OF CONSEQUENCES

Jones (1991) described magnitude of consequences as the sum of the harms (or benefits) done to victims (or beneficiaries) of the moral act in question. Magnitude of consequences thus refers to the total amount of harm (benefit) that results from the proposed act, such that moral intensity increases as the amount of harm (benefit) increases (Jones, 1991; McMahon & Harvey, 2006). Weber (1990) examined only magnitude of consequences when assessing managers' responses to three moral dilemmas and found it to be a significant predictor of moral judgment.

Several earlier theories relating to ethical decision-making also proposed that the magnitude of the consequences of ethical/unethical behaviour would directly influence an individual's decision to act or not (e.g., Hunt & Vitell, 1986; Laczniak, Lusch & Murphy, 1983).

Integrating Jones' (1991) construct of moral intensity with stakeholder theory, any party or category of individuals for whom there may be consequences of varying magnitude resulting from the ethical decision-making of a company, is by definition either victim or beneficiary and hence an affected stakeholder.

A limitation arising from the way the Moral Intensity dimension "Magnitude of Consequences" has been used is that it is implied that the consequences (harm/benefit) must necessarily apply to some third party/parties, not to the moral actor him/herself. Yet it is entirely conceivable that there may indeed be consequences for the moral actor, or class of individuals to which such actor belongs. Similarly, Jones (1991) did not contemplate an extension of the construct of Magnitude of Consequences to include judgments after the fact by affected third parties who are not themselves the moral actor. Yet, again, it is conceivable that such ethical determinations must be made by those affected by the moral act and they may well be swayed by what may be termed reward consequences, whether harmful or beneficial.

It may thus be argued that the magnitude of the consequences of a moral act for both the moral actor and affected third parties, may influence their determination of the ethicality of such act. Such effect of the magnitude of consequences on ethical decision-making is likely to be pronounced under conditions of moral ambiguity since the lack of social consensus, another key dimension of moral intensity is, in contrast, low under such conditions of moral ambiguity. The issue of moral ambiguity and social consensus is accordingly addressed in the next section.

2.3.5.3 SOCIAL CONSENSUS AND MORAL AMBIGUITY

Forsyth (1992) contends that consensus regarding the morality of certain issues is lost when those issues are not clear-cut. According to Forsyth, as early as 1898, Sharp (1898) concluded that disagreements regarding morality surface because people adopt different ethical systems. Peter and Liaschenko (2004) argue that moral ambiguity exists when there is difficulty in defining one's moral-social role. Jones and Ryan (1998) state that moral ambiguity exists when there is uncertainty regarding the wrongfulness of behaviour and may exist in circumstances where normative standards within a company compete with "common morality" in the minds of employees. The principles of moral ambiguity are also covered in Jones' (1991) social consensus dimension of the construct of moral intensity. As Jones (1991) frames it, social consensus is the extent of social agreement

that an act is good or evil. Jones (1991) suggested that a high degree of social consensus reduces the ambiguity of a situation where the decision-maker may not know what good ethics is. Moral ambiguity can thus be said to exist when there is a lack of social consensus regarding the goodness or evil of a certain act.

Harrington (1997) found strong support for the impact of social consensus on ethical judgment and intent. Her research, however, only considered consensus regarding different types of computer viruses, all of which are harmful and thus only considered varying degrees of unethicity. Her study did not investigate action that is ethically ambiguous, in other words an action that some consider to be ethical and others unethical.

Morris and McDonald (1995) found the dimensions of magnitude of consequences and social consensus to be the only consistent and significant predictors of moral judgment. These two dimensions of Moral Intensity thus would seem to warrant further attention in future research to assess the generalizability of their effects under different circumstances.

Taking into consideration the strands drawn through the various lines of theoretical argument and related empirical research reviewed thus far, particularly with regard to stakeholder theory, reward consequences and moral ambiguity, the following proposition is put forward:

Proposition 1

There is a positive relationship between the reward consequences for business stakeholders attributed to a morally ambiguous action and their attitude toward the ethicality of such action.

2.4 INDIVIDUAL FACTORS INFLUENCING DECISION-MAKING

Much research has been done on individual factors of various kinds and their influence on the ethical decision-making process. Besides gender, O'Fallon and Butterfield (2005) found that individual philosophy/value orientation accounted for the greatest number of empirical articles. This research is examined below.

2.4.1 PERSONAL MORAL PHILOSOPHIES AND ETHICAL IDEOLOGY

Researchers have long studied what makes individuals engage in unethical behaviour (e.g.: Higgins, Power & Kohlberg, 1984; Kohlberg, 1973; Rest, 1986; 1990). The outcomes of the studies by the authors cited above have revealed details of what motivates or inhibits ethical behaviour, what impacts moral judgment, and how individuals respond to ethically questionable requests and behaviours. "Although there are many factors influencing when and how an individual decides to engage in socially disapproved behaviour, it is now recognised that personal ethical ideology

has a considerable impact upon such decisions” (Henle et al., 2005, p. 219).

There is much empirical support for the argument that an individual's ethical ideology influences their approach to ethical judgments and decision-making and that personal moral philosophy is an important influence on ethical decision making that should be considered in empirical studies of business ethics (Barnett, Bass & Brown, 1994, 1996, 1998; Forsyth, 1980; Whitcomb, Erdener & Li, 1998). It is thus appropriate to consider more closely the nature of the influence of personal moral philosophy on the ethical decision-making process.

Forsyth's (1980) Ethics Position Theory (EPT) maintains that an individual's personal moral philosophies influence their actions and emotions in ethically intense situations (Forsyth, O'Boyle & McDaniel, 2008). EPT similarly suggests that people's reactions in morally toned situations can be traced to variations in their intuitive, personal moral philosophies (Forsyth, 1980). The theory, when describing these moral viewpoints, stresses two dimensions: Idealism (concern for benign outcomes) and Relativism (scepticism with regard to inviolate moral principles) (Forsyth et al., 2008). Forsyth (1992) developed a typology of personal moral philosophies incorporating a measure of individual differences in ethical perspectives along the dimensions of Relativism and Idealism, as described by Schlenker and Forsyth (1977) (Redfern & Crawford, 2004). The typology

(referred to by Forsyth (1992) as a “taxonomy”) of personal moral philosophies is set out in Table 2.

Table 2: Taxonomy of Personal Moral Philosophies

Ethical Ideology	Dimensions of Personal Moral Philosophy	Approach to Moral Judgment
Situationists	High Relativism High Idealism	Reject moral rules; ask if the action yielded the best possible outcome in the given situation.
Subjectivists	High Relativism Low Idealism	Reject moral rules; base moral judgments on personal feelings about the action and the setting.
Absolutists	Low Relativism High Idealism	Feel actions are moral provided they yield positive consequences through conformity to moral rules.
Exceptionists	Low Relativism Low Idealism	Feel conformity to moral rules is desirable, but exceptions to these rules are often permissible.

Adapted from Forsyth (1992, p. 461)

Idealism refers to the degree of a person’s concern for public welfare, that is, his or her judgment of a given action is predicated on the outcome – positive or adverse impact on others. On the other hand, Relativism refers to the degree to which people abjure universal moral rules and norms when making moral judgments (Brown, Hyman, Lyndon, Dawson & Tansey, 1994; Dubinsky, Natarajan & Huang, 2004; Forsyth, 1980; 1992). An instrument, known as the *Ethics Position Questionnaire* (EPQ), was

developed by Forsyth (1980) and was designed to measure the extent to which individuals adopt one of the four ethical ideologies of *situationism*, *subjectivism*, *absolutism* or *exceptionism* as described in Forsyth's (1980, 1992) typology. This theory and the questionnaire were developed in the context of appreciating that people around the world agree when judging the morality of particularly egregious and commendable behaviour, but consensus is lost when the discussion turns to less clear-cut issues (Forsyth et al., 2008), where moral ambiguity obtains.

Forsyth et al. (2008) used the EPQ to investigate cultural variations in Relativism and Idealism. The authors examined the statistical information in a number of earlier studies that had used the EPQ. These studies contained data collected from 29 different countries. The authors concluded that levels of Idealism and Relativism vary across regions of the world in predictable ways. They found an Exceptionist ethic more common in Western countries, Subjectivism and Situationism in Eastern countries and Absolutism and Situationism in Middle Eastern countries. Of interest here is that the South African respondents in the study involving South Africa were classified as Absolutist, with low Relativism scores and high Idealism scores (Forsyth et al., 2008).

Barnett, Bass, Brown, & Hebert (1998) found that the ethical judgments of professional members of the American Marketing Association, as assessed using Reidenbach and Robin's (1988; 1990) *Multidimensional Ethics Scale*

(MES), differed based on their ethical ideology, which was assessed using Forsyth's (1980) EPQ. Participants were required to read three vignettes and respond as to their judgments regarding the ethicality of the actions depicted in each vignette, which contained reward consequences for both the decision-maker as well as for third parties, using the MES. The research results indicated that Relativism was positively correlated and Idealism negatively correlated with judgments that the actions in the three vignettes were ethical (Barnett et al., 1998). The authors concluded that the ethical ideology of business practitioners influences their judgment about ethically ambiguous issues.

However, not all findings on the predictive efficacy of ethical ideology or its constituent dimensions of Relativism and Idealism have been as conclusive. Boyle (2000) found that, while Relativism was negatively related and a significant predictor of ethical judgment, Idealism was not a significant predictor of ethical judgments. He surmised that these results were understandable since his scenario did not specify positive or negative outcomes of the behaviour being evaluated. He called for further research to be done where the manipulation of both positive and negative outcomes of the questionable behaviour was done to confirm this speculation.

Dubinsky et al. (2004) conducted a study to test whether retail salespersons' Relativism is positively related and Idealism negatively related to how favourably they view questionable retail sales behaviours.

They had mixed results. Relativism was found to be unrelated to perceptions of potentially ethically troublesome situations, whereas Idealism was generally observed to be negatively related. These findings are contrary to those of Sivadas, Kleiser, Kellaris and Dahlstrom (2003), who found Relativism to be positively related to the ethical assessment of an ethical dilemma. They however did not find any relationship between Idealism and the ethical assessment.

The findings of Douglas, Davidson & Schwartz (2001) also indicated a differential effect of the ethical ideology dimensions on ethical judgements, with absolutists judging the actions to be more unethical than the other respondents and subjectivists judging the actions to be more ethical than the other respondents. Importantly, a close analysis of their findings suggested that ethical ideology is more effective in explaining differences in ethical judgments when the actions are rated as being highly unethical by the respondent and that ethical ideology may not be an important variable in explaining differences in ethical judgments in conditions of moral ambiguity. The findings of Bass, Barnett and Brown (1998) and Douglas, Davidson and Schwartz (2001) add to the doubt regarding the influence of ethical ideology on the ethical attitudes of individuals under conditions of moral uncertainty or ambiguity.

Henle et al. (2005) investigated the role of ethical ideology in workplace deviance and found that Idealism and Relativism interacted to predict

workplace deviance. The authors found that there was a relationship between Idealism and deviant behaviour when Relativism was higher. They also found Idealism to be a significant predictor of interpersonal deviance as it explained the variance in interpersonal deviance beyond the control variables ($\Delta R^2 = .08$; $p < .05$). The authors were, however, unable to find either a relationship between Relativism and workplace deviance or a significant interaction between Idealism and Relativism for interpersonal deviance (Henle et al., 2005).

Singhapakdi, Vitell and Franke (1999) investigated the roles of personal moral philosophies and perceived moral intensity in ethical decision-making. Their study, however, only evaluated two of the six components of moral intensity, namely proximity and social consensus as separate elements of moral intensity. They found that, while there was a direct negative effect of Idealism and a direct positive effect of Relativism on intentions to act unethically, this relationship was moderated by their construct of perceived moral intensity. They also found both Idealism and Relativism to have significant indirect effects on perceptions of ethical problems and intentions to act unethically.

The findings of a study of ethical ideology and ethical judgments involving five different ethical dilemmas typically found in the Portuguese accounting profession conducted by Marques and Azevedo-Pereira (2009) indicated that Portuguese accountants' ethical judgments of these scenarios did not

differ significantly based on their ethical ideology. The authors surmised that their findings that Idealism and Relativism were not significant determinants of ethical judgments may be ascribed to the fact that the respondents did not consider the actions described in the scenarios as being very unethical. Their findings would thus appear to support the idea that ethical ideology may not be as influential as other factors, such as reward consequences in the determination of ethical attitude in the context of moral ambiguity.

It may be concluded that these somewhat mixed results across a number of studies provide at least some indication that the moral philosophy dimensions of Relativism and Idealism both may be related to ethical attitudes, under certain circumstances, and differentially so, but probably only weakly regarding morally ambiguous actions. While the precise nature of the relationships remains unclear, the indications are that Relativism tends to be positively related and Idealism negatively related to perceptions or attitudes of the ethicality of morally ambiguous actions.

Hence, following the findings of Henle et al. (2005), Barnett et al. (1998), Douglas et al. (2001), Singhapakdi et al. (1999) and other research discussed above, the following tentative proposition is put forward:

Proposition 2:

Attitudes towards the ethicality of a morally ambiguous action are negatively related to the Idealism dimension and positively related to the Relativism dimension of personal moral philosophy in the presence of reward consequences.

Given the influential strength of moral intensity on the ethical decision-making process (Shafer et al., 2001) and of magnitude of consequences in particular (Weber, 1990) compared to that of both Relativism and Idealism, as well as the inconsistencies of the findings relating to Idealism and Relativism, and following Singhapakdi et al.'s (1999) findings of indirect effects of Idealism and Relativism on the perception of an ethical problem, the following propositions are made:

Proposition 3:

Reward Consequences, an important dimension of the issue-related construct of moral intensity, is a stronger predictor of attitudes towards the ethicality of a morally ambiguous action than are the dimensions Idealism and/or Relativism of the personal factor, personal moral philosophy.

Proposition 4:

Relativism and Idealism will indirectly affect attitudes towards the ethicality of a morally ambiguous action in the presence of reward consequences

In a study designed to test whether personal moral philosophy was related to the ethical intent on the part of a moral decision-maker to behave similarly to a self-seeking and deceitful actor who causes a mixed outcome, the findings showed partial support for the hypothesis that Absolutist salespeople will intend to behave less similarly than subjectivist salespeople (Tansey, Brown, Hyman, & Dawson, 1994). Similarly, Barnett et al. (1998) found that Absolutists judged the ethically ambiguous actions represented in their scenarios as more unethical than the other respondents. In light of the support found in the literature for Forsyth's (1980) theorised differences among the four ethical ideology types in his taxonomy of personal moral philosophy, the following proposition is made:

Proposition 5:

Attitudes towards the ethicality of a morally ambiguous action will differ among the four types of ethical ideology (Situationists, Subjectivists, Absolutists, Exceptionists) in the presence of reward consequences, with Absolutists having the least favourable (most negative) attitude and Subjectivists having the most favourable (most positive) attitude.

2.4.2 COGNITIVE MORAL DEVELOPMENT AND ETHICAL JUDGMENT

Within the context of Rest's (1986) 4-stage ethical decision-making process involving awareness, judgment, motivation and decision, Kohlberg's (1969) theory of *cognitive moral development* (CMD) relates especially to the judgment and motivation stages. Kohlberg's theory postulates three hierarchical levels of cognitive moral development, the pre-conventional level, typified by self-interested reasoning and external rewards and punishments; the conventional stage, typified by acting as others expect of them; and the post-conventional stage, where the individual develops more autonomous decision-making based on universal principles such as rights and justice. Kohlberg (1969) identified two specific stages within each of the three levels, giving six stages of cognitive moral development altogether. Figure 5 sets out these six stages with an explanation of each.

Figure 5: Stages of Cognitive Moral Development

LEVEL	STAGE	EXPLANATION
i. Pre-conventional	1. Obedience and punishment	Individuals define right and wrong according to expected rewards and punishments from authority figures.
	2. Instrumental purpose and exchange	Individuals are concerned with their own immediate interests and define right according to whether there is fairness in the exchanges or deals they make to achieve those interests.
ii. Conventional	3. Interpersonal accord, conformity and mutual expectations	Individuals live up to what is expected of them by their immediate peers and those close to them.
	4. Social accord and system maintenance	Individuals' consideration of the expectations of others broadens to social accord more generally, rather than just the specific people around them.
iii. Post-conventional	5. Social contract and individual rights	Individuals go beyond identifying with others' expectations, and assess right and wrong according to the upholding of basic rights, values and contracts of society.
	6. Universal ethical principles	Individuals will make decisions autonomously based on self-chosen universal ethical principles, such as justice, equality, and rights, which they believe everyone should follow.

Adapted from Ferrell et al. (2002); Kohlberg (1969); Crane and Matten (2011)

Most empirical research on cognitive moral development in relation to ethical decision making has relied on Rest's paper and pencil instrument, the Defining Issues Test (DIT) and its revised version (DIT-2). Most of the research in this area has been on the relationship between the second component of Rest's (1986) stage model, judgment or reasoning and the fourth stage of the same model, moral action (Jones, 1991). Various empirical studies have suggested that CMD plays some role in the ethical decision-making process (e.g. Trevino & Youngblood, 1990; Goolsby & Hunt, 1992). Its influence, however, appears to be rather more limited than proposed by Kohlberg (Crane & Matten, 2011). In particular, Haidt (2001) calls into question whether moral reasoning actually causes moral judgment

and compellingly argues that moral reasoning occurs after a moral judgment has been made and is therefore instead the consequence of moral judgment. Haidt (2001) argues that the type of cognition that precedes moral judgment is intuitive in nature and not consciously reasoned or rational. Haidt (2001) builds on Galotti (1989) and defines moral reasoning as “conscious mental activity that consists of transforming given information about people in order to reach a moral judgment” (p.818). He supports the idea of Bargh (1994) who argues that if moral reasoning is a conscious process then it is intentional, effortful and controllable and that the person doing the reasoning is aware that it is occurring. Haidt (2001) thus implies that CMD is particularly involved in Rest’s (1986) stage three, namely the establishment of moral intent, or motivation to act following a moral judgement. This is where the reasoning comes in: both to provide a rationalisation for the judgment, which may be based on quick automated evaluation, especially at the Pre-conventional CMD level and/or prior learned attitude, most notably at the Conventional level and a motivation (moral intent) for subsequent decision to act. Given the implied complex interaction between of the levels of CMD with stages in the sequential ethical decision-making process, the following proposition is made:

Proposition 6:

CMD will moderate the relation between reward consequences and attitudes towards the ethicality of a morally ambiguous action, such that at

the higher post-conventional CMD level the relation will be weaker than at lower conventional and/or pre-conventional levels.

2.4.3 GENDER, AGE, NATIONALITY, MANAGEMENT EXPERIENCE, RELIGION AND EDUCATION

Ford and Richardson (1994) conducted a review of the empirical literature in light of the models that had been developed in an effort to explain and predict the process by which a manager makes an ethical decision. They noted the limited amount of empirical research that had been done and commented that most of the writing on the topic had been non-empirical. Their review concluded that “personal attributes are related to an individual’s ethical beliefs and decision-making in some studies but not in others” (p. 210). Fernando, Dharmage and Almeida (2008), however, found type of religion to be positively related to Relativism and found age to be negatively related to Relativism, but neither to have a relationship with Idealism. These findings are indicative of the uncertainty in the literature surrounding the nature of the impacts of personal factors including religion, gender and age on ethical decision-making. O’Fallon and Butterfield (2005) conducted a review of empirical research in the ethical decision-making literature and reported that the individual factors of age (21 articles), education or work experience (41 articles) and gender (49 articles) were, together with nationality (25 articles) and religion (10 articles) found to have influenced the dependent variables of judgment, intent and behaviour in the

ethical decision-making process. It was thus recognised that the individual factors of age, gender, management experience, religion and ethnicity, as a proxy for nationality in the context of South Africa, would need to be controlled in the present study.

2.5 CONCLUSIONS FROM REVIEW OF LITERATURE

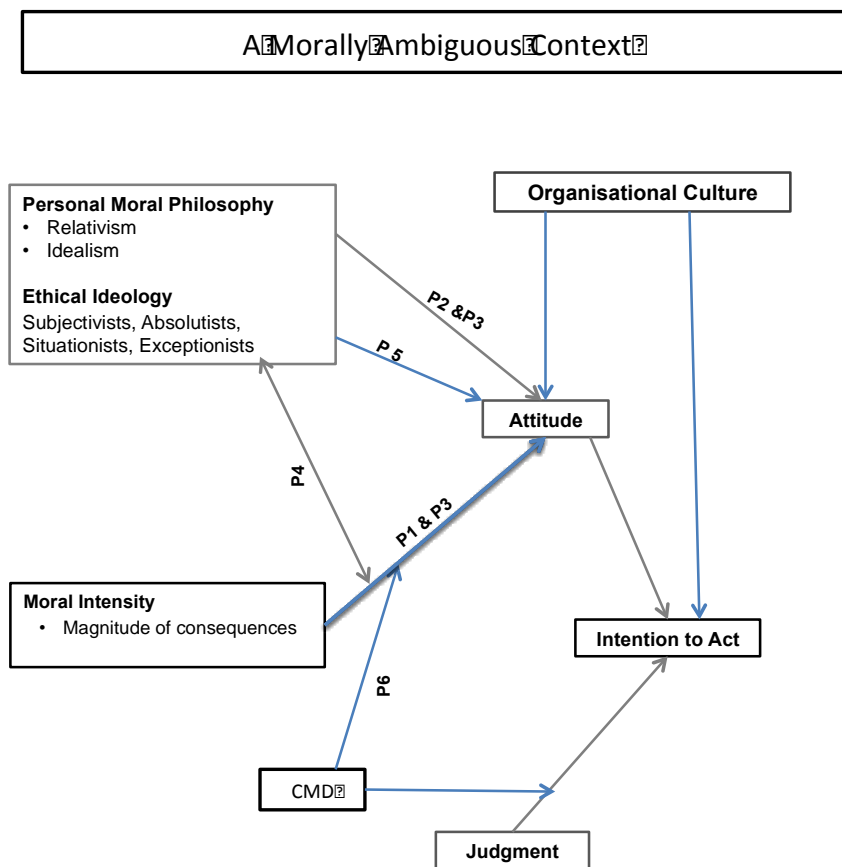
Theoretical arguments and related empirical research discussed in the above review of relevant literature indicate that both situational factors and personal moral philosophies play an influential role in the formation of attitudes towards the ethicality of actions. The various interactionist and contingency theories (Ferrell & Gresham, 1985; Trevino, 1986 and Jones, 1991) also suggest that the personal factors interact with situational factors. It appears that personal moral philosophies play a particular role in contexts where the action being considered is clearly immoral. The efficacy, however, of such philosophies in predicting attitudes in morally ambiguous contexts has not yet been properly tested. This represents a need and an opportunity for further research.

The present study is a response to such need. It is framed within the context of stakeholder theory as it recognises that moral decision-makers in a business context take different forms and have potentially divergent interests. The study builds on existing theory and construct development, first by extending the qualitatively derived moral intensity dimension of

magnitude of consequences, as set out in Jones' (1991) model to include the consequences of the action for the moral decision-maker. The study then investigates the impact of this newly constructed issue-related factor of reward consequences on business stakeholders' ethical decision-making process in the context of a morally ambiguous action that has low levels of social consensus. It also investigates the influence of a stakeholder's personal moral philosophy in the same context and compares the influence of reward consequences with the influence of the stakeholder's personal moral philosophy to determine the relative impact each may have on the stakeholder's attitude toward the ethicality of a morally ambiguous action.

Figure 6 below provides an integrated framework of the constructs covered in the review of the literature the resultant proposals that have been made.

Figure 6: An integrated framework of ethical decision making under conditions of moral ambiguity



The next chapter details the design of the study created to test the relationships of the variables set out in Figure 6.

3 RESEARCH DESIGN

Following on from the preceding review of the pertinent literature and formulation of propositions, as illustrated in the integrated conceptual model presented in Figure 5, the design of the research that was conducted is discussed in this chapter. This includes the formulation of specific research questions, operational research hypotheses and the specific statistical hypotheses formulated for testing. The chapter concludes with a presentation of the research design used to examine the statistical hypotheses.

3.1 THE RESEARCH QUESTIONS

Following on from the review of the literature contained in Chapter 2 and the propositions put forward, the two key questions that this study seeks to address are:

3.1.1 RESEARCH QUESTION 1

Are the attitudes of business stakeholders towards the ethicality of morally ambiguous acts contingent upon the reward consequences for themselves attributed to such acts or/and their *a priori* personal moral philosophies?

3.1.2 RESEARCH QUESTION 2

Do both reward consequences and a *priori* moral philosophy influence the attitudes of business stakeholders towards the ethicality of morally ambiguous acts and if so what is the nature of the influence, with particular reference to the moral philosophy dimensions of Relativism and Idealism?

These two research questions are addressed in an empirical study that follows using the strategic bluffing of competitors as a proxy for a morally ambiguous action. The motivation for the choice of competitor bluffing as a suitable proxy for a morally ambiguous action is discussed in detail in 3.10 below. The research was conducted in an operational experiment that involves the random assignment of participants to different stakeholder roles. Hence the two research questions, restated in operational terms, become:

RQ 1

Are the attitudes of business Stakeholder Role Players towards the ethicality of competitor bluffing contingent upon the Reward Consequences (RC) attributed to such bluffing and/or the *a priori* personal moral philosophies of the business Stakeholder Role Players?

RQ 2

Do both attributed Reward Consequences (RC) and *a priori* moral philosophies influence the attitudes of business Stakeholder Role Players towards the ethicality of competitor bluffing and if so, what is the nature of the influence, with particular reference to the dimensions of Relativism and Idealism?

3.2 OPERATIONALISATION OF CONSTRUCTS

The theoretical constructs that have emerged from the review of the literature in the preceding chapter are operationalised as follows to form the variables for use in the empirical study designed to test the hypothesised relationships.

3.2.1 REWARD CONSEQUENCES (RC)

Extending magnitude of consequences, a dimension of the issue-related factor of moral intensity (Jones, 1991), Reward Consequences (RC) is the magnitude of consequences for themselves, whether beneficial or harmful, attributed by affected stakeholders to the action of a moral actor, acting on behalf of the company in which they have some stake. The variable of Reward Consequences (RC) may vary in magnitude, from high to low and valence, from positive (beneficial) to negative (harmful) across stakeholders. Details of how the levels of Reward Consequences are

operationally represented across the different Stakeholder Roles in the experimental design are provided in section 3.10 on p.68.

3.2.2 STAKEHOLDER ROLE (SR)

Building on stakeholder theory that defines a stakeholder as someone who can benefit from or be harmed by, and whose rights are violated or respected by, corporate actions (Evan & Freeman, 1993), Stakeholder Role (SR), as used in the empirical study, has four levels (Shareholder (SH), Manager (M), Employee (E) and Supplier (SU)), and a Stakeholder Role Player (SRP) is a research participant assigned at random to any one of the four levels of SR.

3.2.3 MORAL PHILOSOPHY DIMENSIONS

In addition to Reward Consequences (RC) and Stakeholder Role (SR) as defined above, the independent variables in the study include the two dimensions of personal moral philosophy as measured on Forsyth's (1980) Ethics Position Questionnaire (EPQ), namely Relativism (RELAT)) and Idealism (IDEAL). The study also makes use of the four ethical ideology types derived from the EPQ on the basis of these dimensions, namely Absolutists, Situationists, Subjectivists and Exceptionists (Forsyth, 1992).

3.2.4 ATTITUDE TOWARD THE ETHICALITY OF COMPETITOR BLUFFING (ATECB)

The dependent variable in the study is Attitude Toward the Ethicality of Competitor Bluffing (ATECB). This is measured by four custom-made items inserted into an existing measurement scale, the Attitude Towards Business Ethics Questionnaire (ATBEC) of Preble and Reichel (1988), as discussed more fully in a subsequent section. The items comprising the ATECB scale are presented in APPENDIX F, p. 248.

3.2.5 DEMOGRAPHIC CONTROL VARIABLES

The following demographic control variables are used in the study: years of management experience, gender, age, religious affiliation and home language. The last-mentioned is used as a proxy for ethnic identity, an important demographic variable in the multi-ethnic South African context.

3.3 RESEARCH OBJECTIVES

The first objective is to investigate whether ethical attitudes of different business stakeholders towards a morally ambiguous action are positively related to the magnitude (large or small) and valence (positive or negative) of the Reward Consequences (RC) attributed to such action.

Building on this, the second objective of the study is to investigate the relative influences of the situational factor, Reward Consequences (RC) and the Idealism (IDEAL) and Relativism (RELAT) dimensions of Forsyth's (1980) personal moral philosophies, a personal factor on the ethical attitudes of business stakeholders when they are faced with a morally ambiguous situation. In particular, the study seeks to determine to what extent such ethical attitudes are contingent on the Reward Consequences (RC) attributed by the business stakeholders to such morally ambiguous action compared and contrasted with their predetermined personal moral philosophy.

Thus the study's main aim is to determine whether and to what extent attributed Reward Consequences (RC) predicts attitude towards the ethicality of a morally ambiguous action compared to and contrasted with the predictive efficacy of a business stakeholder's *a priori* personal moral philosophy.

3.4 RESEARCH HYPOTHESES

The following research hypotheses, based on the literature reviewed and the propositions derived in Chapter 2, are framed below in operational form, using the variables as defined for use in the study, as follows:

3.4.1 HYPOTHESIS 1

Stakeholder Role Players (SRPs) for whom the valence of Reward Consequences (RC) attributed to competitor bluffing is positive will have a more positive Attitude Towards the Ethicality of Competitor Bluffing (ATECB) than SRPs for whom such valence is negative.

3.4.2 HYPOTHESIS 2

Attitudes Towards the Ethicality of Competitor Bluffing (ATECB) of Stakeholder Role Players (SRPs) will vary in relation to the magnitude (high or low) and valence (positive or negative) of Reward Consequences (RC) attributed to a competitor bluff (morally ambiguous action). A strictly monotonic sequence of outcomes (high negative, low negative, low positive, high positive) is expected across the four treatment conditions.

3.4.3 HYPOTHESES 3A, 3B, 3C AND 3D

Hypothesis 3A

The Relativism (RELAT) scores of Stakeholder Role Players (SRP) will be positively related to Attitudes Towards the Ethicality of Competitor Bluffing (ATECB).

Hypothesis 3B

The Idealism (IDEAL) scores of Stakeholder Role Players (SRP) will be negatively related to their Attitudes Towards the Ethicality of Competitor Bluffing (ATECB).

Hypothesis 3C

Reward Consequences (RC) will be a stronger predictor of Attitudes Towards the Ethicality of Competitor Bluffing (ATECB) of Stakeholder Role Players (SRPs) than their *a priori* moral philosophy, as measured on the dimension of Relativism (RELAT).

Hypothesis 3D

Reward Consequences (RC) will be a stronger predictor of Attitude Towards the Ethicality of Competitor Bluffing (ATECB) of Stakeholder Role Players (SRPs) than their *a priori* moral philosophy, as measured on the dimension of Idealism (IDEAL).

3.4.4 HYPOTHESIS 4

The relationship between Reward Consequences (RC) and Attitudes Towards the Ethicality of Competitor Bluffing (ATECB) will be moderated by Stakeholder Role Players' (SRPs') *a priori* moral philosophy on the dimension of Relativism (RELAT).

3.4.5 HYPOTHESIS 5

The relationship between Reward Consequences (RC) and Attitudes Towards the Ethicality of Competitor Bluffing (ATECB) will be moderated by Stakeholder Role Players' (SRPs') *a priori* moral philosophy on the dimension of Idealism (IDEAL).

3.4.6 HYPOTHESIS 6

There will be a difference in Attitude Toward the Ethicality of Competitor Bluffing (ATECB) among the four types of Ethical Ideology (Situationists, Subjectivists, Absolutists, Exceptionists) defined by the four different combinations of the two moral philosophy dimensions, Relativism (RELAT) and Idealism (IDEAL), with Absolutists having the lowest and Subjectivists having the highest ATECB scores.

3.5 DESIGN OF THE STUDY

To address the research questions and test the research hypotheses, taking into account the call for quantitative research capable of producing statistically valid conclusions in the area of business ethics (Kish-Gephart et al., 2010; O'Fallon & Butterfield, 2005), an empirical study based on an experimental design using primary data was formulated. Use of an experimental design was deemed most appropriate for this research given the central causal questions that were being asked and the need to test causal hypotheses (Babbie & Mouton, 2007). Experimental research is

commonly used to determine whether or not one (or more) specifically chosen variable affects another variable (Huysamen, 1994). Experimental designs have been used successfully in a variety of business research studies. Examples include an examination of the effects of individual and situational factors on unethical behavioural intentions in the work place (G. E. Jones & Kavanagh, 1996), and the effects of exposure to luxury goods on cognition and decision making (Chua & Zou, 2009).

In this instance the two experimentally manipulated independent variables are Reward Consequences (RC), with four levels (high positive, low positive, low negative and high negative) and Stakeholder Role (SR), with four levels (Shareholder (SH), Manager (M), Employee (E) and Supplier (SU)). The current research design thus recognises the importance of contextualising the experiment in an environment that involves multiple stakeholders, since in effect all third parties affected by a moral action are stakeholders. The inclusion of Stakeholder Role (SR) as an independent variable in the study design is important with a view to establishing the generalisability of the results. It allows for the determination of the effects of Reward Consequences on the Attitude Towards Competitor Bluffing (ATECB) across different stakeholder perspectives. If, as may be expected in terms of the design, all Stakeholder Roles are found to evidence equivalent susceptibility to the effects of Reward Consequences, notwithstanding their divergent interests, this would contribute to the generalisability of the results.

In terms of the design, a particular Stakeholder Role Player (SRP) might receive any one of the following four combinations of magnitude and valence of Reward Consequences (RC): high positive, low positive, low negative, high negative. Equally importantly, it should be noted that all Stakeholder Role Players associated with a particular company received comparable Reward Consequences in terms of magnitude and valence. Hence SRPs are affected commensurately within company, but differently across companies, in terms of the design of the study as will be discussed in a later section. The chosen dependent variable is Attitude Towards the Ethicality of Competitor Bluffing (ATECB).

3.6 OVERVIEW OF THE EXPERIMENT AND PROCEDURE

The experiment was set in the context of a business simulation exercise with graduate students who were participating in the first week of the 2012/13 modular MBA programme held at the University of Pretoria's Gordon Institute of Business Science (GIBS). The research participants were considered to be suitable representatives of the different stakeholder roles because GIBS requires its MBA applicants to have a minimum of two years of management experience. The timing of the research, namely at the start of the MBA, also minimised the unwanted effects of any learnings that would have been common to the sample used but not to the population to which results would be generalised. The research participants were

informed near the start of their introductory “Genesis” programme that they would be requested to complete a number of questionnaires to assist with on-going research at GIBS and that the data to be collected would be used in a variety of research projects. A business simulation game, “Execugame” (MacDonald, 2007), was adapted to create a role playing competitor rivalry context. It allowed the participants to compete in groups against each other in a business and competitor context. The Execugame simulation was chosen because it creates a unified sense of team spirit and belonging within each company with resultant high levels of competitiveness amongst the company teams when played. It also replicates the various aspects of a business and the related stakeholders whose interests need to be managed simultaneously and effectively if the company is to succeed. This feature was deemed important with a view to enhancing the ecological validity of the results to be obtained from the experiment.

3.6.1 EXECUGAME

Execugame is a business simulation exercise in which participants are divided into groups, each of which represents a company that must compete in the market with two products against the other groups competing in the same “world” created in the simulation. Independent of the experiment, the 143 students had been allocated to one of twenty syndicates by the MBA programme manager. The number of students per syndicate ranged between 6 and 8. Each of these 20 part-time modular

MBA class syndicates represented a company in the Execugame simulation. The identification of each syndicate team as a company was important to enhance the realism of the simulation exercise, but *company*, per se, was not a factor in the design of the research experiment. The simulation exercise was set up in such a way that there were four separate groupings of five companies each. Each grouping of five companies constituted a separate simulated world. Each world was independent of the others such that any decisions made by any company in one world had no effect on the outcomes of any of the companies competing in the other worlds. Each company in the simulation competed against the other four in their world and they were measured on five key areas of business performance, namely market share, share price, stock levels, return on equity and total earnings. The game was played over four rounds, spread over a five-day period, each round represented three months in the life of the companies. Hence the full game was played over one simulated year. Each company team was required to submit a series of decisions relating to 20 different variables across the business functions of manufacturing, finance, human resources, and marketing. The success or failure of a company's performance was dependent on the quality of the decisions made in the context of and relative to the decisions of the other companies against whom they were competing in their world. The key to the success of any company was to understand how the 20 variables interrelate as well as how decisions must be contextualised relative to the decisions of their competitors. The purpose of using the Execugame simulation in the context

of the present study was to reinforce the participants' adoption of the frame of mind of the particular stakeholder roles to which they were randomly assigned. Unbeknown to the participants, the actual performance of the companies was not relevant to the experiment and the study design was created such that company performance would not have any effect on the research variables that were measured. The Players' Manual for Execugame (MacDonald, 2007) is contained in Appendix A. The participants were informed upfront that all data to be collected for research purposes would be kept strictly confidential and that their privacy would be maintained and their identity protected.

3.7 THE EXPERIMENTAL DESIGN

A double-blind 4 x 4 completely-crossed two-factor design (Huysamen, 1994) was used to investigate the separate effects of Stakeholder Role (SR) and Reward Consequences (RC). The design is labelled a 4 x 4 design because each of the two independent variables (treatment factors) that were experimentally manipulated, namely SR and RC, had 4 levels. The experiment was also designed to control for the effects of potential nuisance variables, such as company. To achieve this, the combinations of the levels of the two independent variables RC and SR were completely crossed within, as well as across, five sets of four companies each, where the latter five sets each consisted of four unique versions of the 4 x 4 design and one replication. Table 3 contains the details and depiction of

how the 16 different combinations of the factor levels of the independent variables, Stakeholder Role (SR) and Reward Consequences (RC) were randomly assigned across the five instances of the 4 x 4 design (companies 1-4, 5-8, 9-12, 13-16, which encompassed the unique designs and companies 17-20 in which the designs in companies 1-4 were replicated).

The design of the experiment was selected with a view to optimising the internal validity of the study conclusions. It achieves this by means of the complete crossing of the four levels of each of the two experimentally manipulated independent variables, Reward Consequences (RC) and Stakeholder Role (SR). It should be reaffirmed that company, per se, while all-important to the realism of the business simulation, was not a factor in the experimental design for purposes of the research and consequently does not feature in the analysis of data arising from the experiment. Similarly, world serves merely to provide for replication and convenience in administration and is not otherwise a factor in the experiment. Consequently, as in the case of company, world does not feature in the analysis of results. Only the effects of the manipulated variables in the experimental design, SR and RC, are of interest in relation to the dependent variable, ATECB. Neither company, nor world, or their interactions with RC and SR, were considered to affect the results appreciably. Any effects they may have had were controlled by evenly spreading company and world across the RC x SR combinations. All other variables in the study are extraneous to the experiment. These include the

a priori moral philosophy dimensions of Relativism (RELAT) and Idealism (IDEAL) and the four types of ethical ideology to which their interactions give rise (Situationists, Subjectivists, Absolutists and Exceptionists), as well as the demographic control variables (age, home language, gender, religious affiliation and years of management experience). All of these extraneous variables are independent of and were measured in advance of the experiment proper.

Table 3: Assignment of Levels of the Independent Variables (SR and RC) Within and Across Companies and Worlds

World 1					
Company Number \ Reward Consequences	1	2	3	4	5
High Positive	M	E	SH	SU	E
Low Positive	E	SH	SU	M	M
Low Negative	SH	SU	M	E	SU
High Negative	SU	M	E	SH	SH
World 2					
Company Number \ Reward Consequences	6	7	8	9	10
High Positive	M	SU	SH	SH	M
Low Positive	SU	SH	E	M	SU
Low Negative	SH	E	M	SU	E
High Negative	E	M	SU	E	SH
World 3					
Company Number \ Reward Consequences	11	12	13	14	15
High Positive	SU	E	M	SH	E
Low Positive	E	SH	SH	E	SU
Low Negative	SH	M	E	SU	M
High Negative	M	SU	SU	M	SH
World 4					
Company Number \ Reward Consequences	16	17	18	19	20
High Positive	SU	M	E	SH	SU
Low Positive	M	E	SH	SU	M
Low Negative	SH	SH	SU	M	E
High Negative	E	SU	M	E	SH

Categories of Stakeholder Role (SR): M=Manager; E=Employee; SH = Shareholder; SU=Supplier

3.8 THE PROCESS OF THE ASSIGNMENT OF PARTICIPANTS

3.8.1 ALLOCATION OF THE PARTICIPANTS TO COMPANIES

The programme manager of the part-time modular MBA was responsible for dividing the students into twenty syndicate groups. This division was done independently of both the researcher and the participants and was done in a manner to ensure, for the benefit of the MBA program, diversity within and across syndicates in respect of gender, age, race, education, job function and experience. Each syndicate represented a company in the Execugame.

3.8.2 ASSIGNMENT OF THE STAKEHOLDER ROLE LEVELS IN THE EXPERIMENTAL DESIGN

The researcher randomly assigned the order of the four Stakeholder Role (SR) levels (categories) to the four cells within the first column of each of the five 4x4 designs used in the experiment and then assigned SR levels to each of the remaining three columns by deflecting each row position signifying the level of Reward Consequences (RC) per Stakeholder Role upwards by one while deflecting the top SR to the bottom. As a consequence, the positions of the RC-SR combinations in the cells of each of the resulting five 4 x 4 matrices resembled the configuration of variables within a Latin Square design.

3.8.3 ASSIGNMENT OF PARTICIPANTS TO STAKEHOLDER ROLE

In terms of the experimental requirement for random assignment of participants to levels of the independent variable, Stakeholder Role (SR), each participant was required, blindly, to draw a name badge depicting one of the four Stakeholder Role (SR) categories out of a bag. This process was intended to ensure that each participant within each pre-assigned company team would be assigned randomly to the first independent variable, viz., a particular Stakeholder Role (SR) and, by virtue of the pre-assigned level of Reward Consequences (RC), to the second independent variable, (RC). This procedure was considered to satisfy the requirement of random assignment of study participants to the 16 combinations of treatment conditions for purposes of the experiment.

3.9 THE DOUBLE-BLIND DESIGN

The design is labelled a double-blind design (Huysamen, 1998), because the researcher and research monitors, as well as the research participants all were denied oversight into the dual processes of random assignment to the experimentally manipulated independent variables, Reward Consequences (RC) and Stakeholder Role (SR). The researcher was not party to the process of assignment to Stakeholder Roles and the procedure adopted denied either the monitors or the participants opportunity to influence the process. Neither the monitors nor the participants were party to the assignment to Reward Consequences. In addition, neither the

research monitors nor the participants were aware of the true purpose of the research based on the Execugame simulation. Both the research monitors and the participants in the study had been informed that research was being conducted on the benefits of role-play simulations in business education. The design thus minimised any experimenter effect that might otherwise have applied as a result of potential vested interests on the part of the researcher (Huysamen, 1994).

Research assistants in the form of main campus student monitors were used ostensibly to monitor the role-playing of the participants and the participants were informed that their ability to role play was being observed and measured. This deception, as part of the double-blind design of the experiment, was considered necessary to ensure that meaningful role-playing occurred so that the responses given by the participants indeed represented their responses in the context of the business stakeholder role to which they were assigned. The actual purpose of the monitors was to ensure that the participants indeed adhered to the business stakeholder role to which they had been randomly assigned. In addition, their task was to ensure that participants did not interact with other participants who were fulfilling stakeholder roles different to their own during the treatment phase of the experiment and subsequent completion of the questionnaires.

3.10 THE NATURE OF THE EXPERIMENTAL TREATMENTS

The factor of Reward Consequences (RC) with four levels that varied in terms of valence (positive or negative) and magnitude (high or low), took effect after round three and prior to the fourth and final round of the Execugame. This was timed to occur on the fourth day to allow the participants to have developed a team spirit within each company, to have settled into the particular Stakeholder Role (SR) to which they had been randomly assigned at the start of the experiment and to have mastered the requirements of their roles and the competitive business simulation as a whole. It was also important for the participants to have gained a proper understanding of what was required of them to succeed in the business simulation. The vehicle by means of which the levels of the independent variable, Reward Consequences (RC), were administered across the four categories of Stakeholder Role (SR) took the form of short written “news reports” presented as hot-off-the-press articles from “The Business Times” newspaper, handed to each participant prior to the start of the fourth and final round of the Execugame. The newspaper article that each participant received revealed that a senior executive of their company (the moral actor) had used a strategy of a competitor bluff involving an attempt to miss-direct their company’s competitors in order to gain competitive advantage over the bluffed competitors. The newspaper article received by each participant was uniquely customised to fit with their randomly assigned treatment (combination of Stakeholder Role (SR) and Reward Consequences (RC)).

The moral actor, cast in the role of an unspecified senior executive, was reported in each newspaper article to have bluffed a competitor of the company and that the bluff had resulted in particular Reward Consequences (RC) for the participant's particular Stakeholder Role (SR) category in their company. The participants were unaware that each participant had received a different, customised version of the ostensibly identical newspaper article. There were four levels of Reward Consequences (RC) for each Stakeholder Role (SR), such that each Stakeholder Role Player (SRP) in each company received one of four levels of Reward Consequences (RC). Hence levels of RC within each company were equivalent across SR, while the levels of RC differed across companies. The nature of the competitor bluff was alluded to in the newspaper article but was deliberately left vague such that it contributed towards the moral ambiguity of the action, as well as the ecological validity of the experiment. Each combination of Stakeholder Role (SR) and Reward Consequences (RC), i.e. each treatment condition, represented the pre-assigned combinations of the two independent variables as per the experimental design.

The operationalization of the levels of Reward Consequences (RC) across the different Stakeholder Role (SR) categories was done in such a way as to ensure comparability across all Stakeholder (SR) categories in terms of valence (positive and negative) and magnitude (high and low). Two pilot studies, involving MBA and non-MBA business students as well as people

experienced in fulfilling a variety of stakeholder roles in their business lives were used in the advance pilot studies to help determine the comparability of levels of Reward Consequences (RC) to be administered across the different Stakeholder Roles (SR) in the main experimental study. The participants in the pilot studies had been requested to assess the effectiveness of the operationalization of the Reward Consequences (RC) prepared for use across the four Stakeholder Role (SR) categories. On the basis of feedback received from respondents in the first pilot study, certain amendments were made to wording used and the revised versions of the operationalized Reward Consequences (RC) were administered to fresh respondents in the second pilot study for their assessment. Special care was taken to ensure that equal intervals were perceived between the successive levels of Reward Consequences (high negative, low negative, low positive, high positive) and that comparability (functional equivalence) in terms of magnitude and valence was achieved across the versions of Reward Consequences (RC) prepared for administration to the different Stakeholder Roles in the main experiment. The actual metrics in terms of which RC was expressed (i.e. share price, bonus amount, wage increase, supply costs) necessarily differed across SRs in order to maintain ecological and face validity. Details of the levels of Reward Consequences (RC) for different Stakeholder Roles (SRs), as finalised following administration to respondents in the second pilot study and as used in the main study are shown in Table 4. Appendix B contains an example of each of the sixteen different combinations of the two independent variables (i.e.

treatments) as operationalized in the different versions of the newspaper article used in the main experimental study. It must be specifically mentioned that the different editorial comments that are contained across the different articles were specifically designed to create a balanced and ambiguous context relating to the action of the competitor bluff.

Table 4: Operationalization of the Reward Consequences per Stakeholder Role

Reward Consequences	Stakeholder Role			
	Manager (M)	Shareholder (SH)	Employee (E)	Supplier (SU)
High positive	Dramatic/ generous bonus received	Dramatic/ substantial increase in share price.	Generous and substantial wage increase	Dramatic / substantial increase in price of the raw materials sold to the Company
Low positive	Moderate/ reasonable bonus received	Slight/ marginal rise in share price.	Competitive and reasonable wage increase	Competitive/ moderate increase in price of the raw materials sold to the Company
Low negative	Disappointing/ small bonus pool	Disappointing moderate drop/ small drop in share price	Disappointing / token wage increase	Disappointingly low increase/ settle on lower increase in price of the raw materials sold to the Company
High negative	Regrettable that no bonuses to be paid	Dramatic drop in share price	Regrettable withholding of wage increase	Regrettable rejection of/ inability to accept increase in the proposed price of the raw materials sold to the Company

3.10.1 THE MORALLY AMBIGUOUS ACTION

As stated in 3.1.2 above, competitor bluffing was used as a proxy for a morally ambiguous action. It is therefore appropriate to discuss the literature relating to bluffing so as to justify its use in the research design.

Bluffing has long been a topic of considerable interest to business ethicists because of the debate surrounding its acceptability as a business practice. On the one hand, bluffing seems to bear a strong resemblance to lying, and therefore might be thought to be prima facie impermissible on universal moral grounds. On the other hand, many people have the intuition that competitive bluffing in business is appropriate and morally permissible, especially as a negotiating tactic (Allhoff, 2003).

The debate was first sparked by the publication of Carr's 1968 article "Is Business Bluffing Ethical?" in the *Harvard Business Review*. According to Blodgett (1968), few articles in the *Harvard Business Review* have aroused a response as great and as vociferous as this article.

Carr commented in *Harvard Business Review's* special report titled "Showdown on Business Bluffing" (Blodgett, 1986, p.168) that he was especially struck by the high charge of emotion, ranging from fury to enthusiasm in reaction to his 1968 article. He stated that he had "the distinct impression that many of *Harvard Business Review's* more outraged respondents have not yet fully sensed the nature of the strategic questions confronting the men responsible for the profitability and growth of their companies" (Blodgett, 1968, p.169).

According to Koehn (1997), Carr's 1968 argument was one of analogy and little attention had been paid by subsequent authors to this fact, which is

unfortunate, since Carr's argument had intuitive appeal both to business persons and to commerce students (Koehn, 1997).

Koehn (1997) asserts that, since business shares very few of the characteristic features of card games or of competitive sports, as used by Carr (1968) in drawing analogies to business behaviour, the assertion that business is like a game and exhibits the ethics of a game is simply that - an assertion - not backed by much in the way of argument. Koehn's (1997) argument has merit since Carr's (1968) analogy fails to recognise that, unlike in poker, there are other stakeholders that are affected by the conduct of business people.

The dominant position, according to Allhoff (2003), however, remains that bluffing is permissible under certain circumstances in business. Work has therefore been done to show why the apparent impermissibility is either poorly motivated or illusory. Allhoff's (2003) defence of business bluffing is based on the idea of role-differentiated morality (Varelius, 2006). Role-differentiated morality suggests three claims: certain rules make acts permissible that would otherwise be impermissible, certain rules make acts impermissible that would otherwise be permissible, and certain rules make acts obligatory that would otherwise not be obligatory. Allhoff argues that bluffing is morally permissible in business for the same reason that it is morally acceptable in games like poker; because the participants endorse

the practice. This is why bluffing may or may not be morally permissible, but Allhoff's arguments do not show that we should accept it (Varelius, 2006).

Carr's (1968) article is somewhat informal and therefore lacks clear and rigorous argument. His thesis, however, is that business is a game, just like poker, and that bluffing is permitted under the rules of the game. To strengthen the analogy between business and poker, he points out that both business and poker have a large element of chance. In both poker and business, the winner is the one who plays with steady skill, and that ultimate victory requires knowledge of the rules, insight into the psychology of the other players, a bold front, self-discipline, and the ability to respond quickly and effectively to opportunities presented by chance (Allhoff, 2003).

To understand such complex phenomena as business bluffing, it is first necessary to consider individuals' attitudes about bluffing before considering its consequences (Guidice, Alder, & Phelan, 2009). Carson (1993) argues that bluffing in the context of making deliberate false statements about one's bargaining position typically does not constitute lying. He also argues that it is permissible to miss-state one's bargaining position when one has good reason to think that one's negotiating partner is doing the same. Similarly, it is usually impermissible to miss-state one's negotiating position if one does not have good reason to think that the other party is miss-stating their position.

Jones and Ryan (1997) proposed that decision makers behave according to the expectations and moral examples of their chosen reference group. If referents (e.g. colleagues, superiors, industry peers) approve of and/or engage in a specific type of behaviour, then the person can, in relatively good conscience, act in a particular manner even though non-referents may believe the act is inappropriate. This perspective suggests that when deciding whether to engage in competitive bluffing, strategic decision-makers can be influenced by the opinion or behaviour of the selected referents.

Referents are not the only environmental force that can help explain or encourage questionable behaviour. Ross and Robertson (2000) contend that the target of a lie is a relevant consideration. These authors suggest that the stronger the relationship between the individual and the target, the greater the likelihood that the individual will behave honourably. Their findings suggest that in the context of industry rivalry, identification with one's competitors wanes considerably and hence so too do perceptions of ethical responsibility.

Lying may be defined as “a false statement which the speaker does not believe to be true made in a context in which the speaker warrants the truth of what he says” (Carson, 1993, p. 320). According to Carson, to warrant a statement to be true is to invite others to rely on it and assure them that it can be relied upon. When warranting a statement one is granting others

permission to complain if the statement does not turn out to be true. A fully adequate discussion of the morality of bluffing would require a definitive treatment of foundational questions in normative ethics. That would be beyond the scope and purpose of this discussion.

Consequentialism refers to those moral theories which hold that behaviour is judged to be acceptable if its consequences (or, more generally, its risky and uncertain consequences) lie in the choice set corresponding to the feasible set of consequences resulting from all possible decisions (Hammond, 1988). Thus, from a consequentialist standpoint, a morally right action is one that produces a good outcome, or consequence. Viewed from this standpoint, bluffing would be acceptable if the outcome brought about a net benefit to the company and the stakeholders about whom management were concerned.

While signals can be a useful form of inter-firm communication (Milewicz & Herbig, 1997), some signals can be disingenuous, containing assertions that the sender has no intention of acting upon immediately, if ever. Extant research describes bluffing as “an act of puffing at best and misrepresentation or fraud at worst” (Beach, 1985, p. 191), and as “conscious misstatements, concealment of pertinent facts or exaggeration” (Carr, 1968, p. 144), and as a form of lying which serves “to misinform the opponent, to eliminate or obscure the opponent's choice of alternatives, or

to manipulate the perceived costs and benefits of particular options that the opponent may wish to pursue” (Lewicki & Robinson, 1998, p. 666).

3.10.2 COMPETITOR BLUFFING

Guidice et al. (2009) define competitive bluffing as “knowingly and intentionally communicating a misleading message or intended action into the marketplace with the expectation that competitors interpret and react to the message as if it was truthful” (p. 536).

There are many examples to demonstrate competitive interactions in which parties send false signals in an attempt to unsettle rivals or gain a superior competitive position (Bayus, Jain, & Rao, 2001; Heil & Langvardt, 1994). Coke and Pepsi courted Holland Sweetener to encourage Holland to enter the US market as a second supplier of Aspartame, the artificial sweetener used in diet soda. Neither party, however, had serious intentions of switching suppliers. The objective was to use Holland to get a better price from Monsanto, their existing supplier of NutraSweet (Brandenburger & Nalebuff, 1996). In the petroleum and pharmaceutical industries, strategic decision makers often used decoy patents to mislead competitors into believing research is being conducted in multiple areas or otherwise lead them to second-guess what a company is actually doing (Langinier, 2005). Most research in the area of bluffing has, however, been restricted to

bluffing in the context of negotiations (Schweitzer, De Church, & Gibson, 2005).

Signalling one's intentions or abilities, either directly or indirectly, has been a topic of interest for many years. Through signals, agents convey information such as proposed changes in their firm's price, product, advertising, capacity and market presence to competitors as well as to gain insights based on competitors' reactions to these signals (Porter, 1980). Bluffing, a common and consequential form of competitive behaviour has been comparably ignored in the management literature, even though misleading one's rivals is suggested to be an advantageous skill in a multifaceted and highly competitive environment (Guidice et al., 2009).

Evidence that the ethicality of business bluffing is still considered to be a topic of debate is the inclusion of Carr's 1968 article in textbooks for purposes of discussion and debate (Jennings, 2012).

On the basis of the foregoing, it is concluded that the use of competitive bluffing, as a proxy for an ethically ambiguous action, in the context of the Execugame used to accommodate the experimental study, is well justified.

3.10.3 THE MEASUREMENT OF ATTITUDES TOWARDS THE ETHICALITY OF COMPETITOR BLUFFING

The ATECB scale, which served as dependent variable measure in the study, consisted of four five-point Likert scale items which were specially designed to measure the attitudes of the participants towards the ethicality of competitor bluffing (reminiscent of the case the participants had just learned about in the Business Times article each received, but not tied in any way to this). In order to disguise the variable being measured all participants, while playing their Stakeholder Role (SR), were asked to complete a purposefully adapted version of Preble and Reichel's (1988) Attitudes Towards Business Ethics Questionnaire (ATBEQ). This questionnaire, which was also comprised of five-point Likert scale items very similar to those of the ATECB, had been specifically modified by the researcher, with the permission of the authors, to evaluate not only ethical attitudes in general, but also attitudes towards a variety of morally ambiguous situations, including competitor bluffing. The researcher had no intention of analysing the data of the ATBEQ for use in the present study and was only interested in the ATBEQ for its ability to contain and 'disguise' the ATECB.

Many studies have been conducted either to measure the state of business ethics in particular countries (K. F. Alam, 1999; M. S. Alam, 1995; Moore & Radloff, 1996), or to compare the impact of cultural differences between

managers from different countries (Bageac, Furrer, & Reynaud, 2011; Preble & Reichel, 1988; Sims & Gegez, 2004; Tang, Chen, & Sutarso, 2008). There have also been studies that measured attitude changes in management students in a country over a period of time (Price & van der Walt, 2012). These studies either posed a number of work-related ethical dilemmas to assess the respondent's attitude towards ethical/unethical behaviour (Tang et al., 2008) or relied on the *Attitude towards Business Ethics Questionnaire* (ATBEQ) scale developed by Preble and Reichel, (1988).

The ATBEQ was designed to clarify business attitudes, philosophies and ethics by testing some of the conceptual material presented by Stevens (1979) (Preble & Reichel, 1988). The philosophies that were originally presented were *social Darwinism, objectivism, Machiavellianism and ethical relativism*. The ATBEQ reflects the subjective assessment by a given individual with respect to sets of premises which make up these philosophies. The ATBEQ is not discussed further since it was used in the present study merely to contain the items specially designed to measure Attitude Towards the Ethicality of Competitor Bluffing (ATECB) without undue prominence being given to these items.

The four specially designed items that comprised the ATECB scale were inserted by the author at random positions within the ATBEQ (items 10, 14, 16 and 31). These four specially designed items together made up the

Attitude Towards the Ethicality of Competitor Bluffing (ATECB) scale, which was used as the dependent variable measure in the main study. The data collection took place just prior to the participants' discovery of the actual performance of their company for the third round. It was timed this way to ensure that actual company performance did not influence their ATECB scores. Equally important, the ATECB (and ATBEQ within which it was embedded) was administered just after participants had read the customised news article each received.

3.11 THE CONTROL OF NUISANCE VARIABLES

The research design used in the main experimental study provided for the control of extraneous variables including gender, age, home language, religion and number of years' management experience that may have had an impact on the dependent variable, Attitude Towards the Ethicality of Competitor Bluffing (ATECB). The demographic data were controlled to ensure that the internal validity of the experimental conclusions could be optimised. The unwanted effects of these variables were controlled through the random assignment of the participants to the treatment conditions in the experiment. The data regarding the extraneous demographic variables were collected via specially added questions placed at the end of Forsyth's (1980) Ethics Position Questionnaire (EPQ), once again, with the permission of the scale author. The participants completed the EPQ before the start of the experiment.

3.12 THE MEASUREMENT OF PERSONAL MORAL PHILOSOPHY

Forsyth's (1980) EPQ was used to evaluate the personal moral philosophy dimensions of Idealism (IDEAL) and Relativism (RELAT) as well as the ethical ideology (Situationism, Subjectivism, Absolutism, or Exceptionism) of each subject. The version of Forsyth's (1980) EPQ instrument used is contained in Appendix C. The data were analysed in relation to the data on the dependent variable, ATECB, which was measured during the experiment.

3.13 THE CONTROL OF SOCIAL DESIRABILITY RESPONSE BIAS

Another key reason for choosing to use an experimental design and setting was to mitigate the threat of social desirability response bias in the assessment of the dependent variable of interest, viz., attitudes of different stakeholders towards the use of bluffing in a competitor rivalry context. Social desirability response bias occurs when there is a tendency amongst survey respondents to answer questions in a manner calculated to make themselves appear more favourable to others (Crowne & Marlowe, 1960; Beams, Brown and Killough, 2003). Had participants been surveyed by means of the ATECB, in their personal capacities, independent of the experiment, the risk would have been greater that their responses might be

prone to social desirability bias. The risk of this bias was expected to be mitigated, however, in the context of the experiment, where participants responded to the ATECB from the perspective of the Stakeholder Role (SR) they were playing in the business simulation at the time. By then, they had been playing the simulation for over four days and had identified closely with their randomly assigned business Stakeholder Role. Their responses to the dependent variable measure of ATECB therefore reasonably could be assumed to be influenced by the treatment they were exposed to in terms of the experimental design and not by social desirability bias. The bias was further reduced by means of disguising the ATECB scale in another instrument, the ATBEQ.

3.14 ECOLOGICAL VALIDITY

The use of a business simulation during the study was deemed an important contributor to the ecological validity of the experiment. The participants who completed the ATECB questionnaire used to measure the dependent variable had just been exposed directly to the effects of a morally ambiguous action. This enhanced the likelihood of real and meaningful attitudes being expressed from the perspective of their Stakeholder Role, in response to the questions in the ATECB. Had the same questions been administered outside the context of the simulation, or exposure to the competitor bluff, for example in a straightforward survey

research design, the veridical value and ecological validity of the responses would likely be compromised.

3.15 SAMPLE FRAME AND SAMPLING

The sample frame was all of the 2012/13 modular part-time MBA students of the Gordon Institute of Business Science (GIBS), University of Pretoria. (N=143). The sample used was a saturation sample since all 143 members of the sample frame were included and served as participants in the research that was conducted. The participants took part in the experiment simultaneously, being allocated across the five separate and independent design variants. This removed the risk of any contamination that may have occurred had participation taken place at different times or on different dates.

3.16 UNITS OF ANALYSIS

The units of analysis were business Stakeholder Role Players (SRPs). They were represented by the MBA students who served as the participants in the experiment and who were randomly assigned to fulfil one of the four respective Stakeholder Role (SR) categories, viz., Shareholders (SH), Managers (M), Employees (E) and Suppliers (SU) and to experience one of the four treatment levels of Reward Consequences (RC), viz., high negative, low negative, low positive, high positive. Each unit in the experimental design received a different combination of SR and RC.

3.17 CONSENT TO USE PROPRIETARY INSTRUMENTS

All copyrighted test instruments and measurement scales were used with the written permission of the authors. Consent was also obtained in advance to make whatever adaptations or additions were needed for purposes of this study.

3.18 DEBRIEF OF THE EXPERIMENT PARTICIPANTS

All participants who took part in the experiment are to be debriefed by the researcher upon completion of the study. The researcher will at such time speak to the MBA students who participated in the study and explain the true nature of the research that was conducted as well as provide insight into the findings.

4 METHOD

4.1 INTRODUCTION

This chapter sets out the process, methods and steps followed to ensure that the research design was properly implemented as well as the details of the how the data were collected and captured.

4.2 THE PILOT STUDIES

The purpose of the pilot studies was to test the practical feasibility of the experimental procedures. The treatments that the participants were to be exposed to had to be assessed and there was a need to assess the extent to which the participants would identify with the stakeholder role that would be assigned to them.

4.2.1 THE INITIAL PILOT STUDY

4.2.1.1 BACKGROUND

The initial pilot study was used to pre-test the different versions of the newspaper article that had been created to announce the morally ambiguous action (a strategic bluff of competitor companies) and communicate the Reward Consequences (RC) affecting each Stakeholder Role (SR) category. It was used to test the overall robustness of the experimental design, in particular the use of the Execugame simulation

exercise. The use of the Execugame in the experimental design required the original simulation to be modified to take stakeholder roles into account. The original version made provision only for company teams, without any distinction being made or required amongst stakeholder roles. The structure of the Execugame required the participants to understand and appreciate the underlying rules and format properly and it was important to assess the participants' ability to assimilate both the role details they were expected to follow as well as the dynamics of the simulation. The initial pilot took place on 12 November 2011 with a group of 31 Gordon Institute of Business Science (GIBS) Post Graduate Diploma in Business Administration (PDBA) students. The researcher had taught the students earlier in the year and relied on his relationship with the students to secure voluntary attendance of the Execugame session. The students were informed that those who did attend would benefit from the session since Execugame would assist the students with their strategy module by demonstrating the importance of strategy in the decision-making process. The students were informed that the session was being used to collect data for use in the researcher's doctoral thesis, but no details of the nature of the research were given. The students were required to complete an online version of the EPQ prior to attending. The Execugame was run over 3 rounds and the students were required to complete the ATBEQ after round 3, having been randomly assigned to a Stakeholder Role (SR) and Reward Consequences (RC) treatment conditions.

4.2.1.2 FEEDBACK RESULTING FROM THE FIRST PILOT STUDY

Feedback was requested from the 31 PDBA students at the end of the session and the following points were raised:

- The students struggled to fit into and identify with their assigned stakeholder roles and thus did not adhere to their roles. They suggested that name badges be used to help not only themselves, but the other players to better identify with the roles to which they had been assigned.
- The students commented that, because the session had been crammed into a single day, there was little opportunity to get to grips with the dynamics of the Execugame simulation. The students also commented that they had little opportunity to read and properly appreciate the content of the player's manual during the simulation itself because of the time constraints, especially if they had failed to do so ahead of the start of the simulation.

4.2.2 THE SECOND PILOT STUDY

4.2.2.1 OBJECTIVES OF THE STUDY

The objective of the second pilot study was to assess whether or not the suggested modifications to the research procedure would enhance the efficacy of the experiment. The key changes that were made were the addition of name badges displaying the Stakeholder Role, as well as the

use of independent observers to re-enforce the importance of adhering to the assigned Stakeholder Roles. The simulation sessions were also spread out over five days instead of the simulation being completed on one day.

The second pilot study took place during the induction week of the GIBS evening class of 75 Master of Business Administration (MBA) students. The demographics of this group of students were very similar to those who subsequently took part in the main study. This induction week ran from Tuesday 10 January 2012 until Sunday 15 January 2012 and was designed to develop the group dynamics of both the class as well as the syndicates into which the students had been allocated. The students were urged by the researcher, in his capacity as class facilitator, on the evening of the 10th to ensure that they had properly read the player's manual ahead of the start of the game on the 11th. A briefing session, setting out the objectives of the game, was held on the morning of the 11th. The Execugame was run from the afternoon of the 11th until the 15th, with one round being played per day, except on the 13th when the students were involved in an off-campus experience. The participants were informed that the researcher would be collecting data regarding the use of simulation games for teaching on the MBA and that, in particular, the students' ability to role-play was being evaluated. Main Campus University of Pretoria students were used to observe the participants' role-playing and each syndicate room where the participants were meeting was set up with a video camera. The use of video cameras was introduced to reinforce the sense of being observed in

the minds of the participants. The main campus students were assigned the task of ensuring that each subject was randomly assigned to a Stakeholder Role. The participants were given blank name badges and instructed to write their randomly assigned Stakeholder Role on the badge. The EPQ questionnaire was given to the MBA students for completion while they were in class. The adapted ATBEQ, which included the specially inserted ATECB scale, was handed to the students just before the start of the last round of the Execugame and were collected by the main campus students responsible for observing them.

4.2.2.2 FEEDBACK ARISING FROM THE SECOND PILOT STUDY

Feedback received from both the 75 MBA students and main campus student assistants after the experiment had been run in the second pilot study was that mere observation, without interaction on the part of the main campus students did not have the desired effect of motivating the participants to adhere to their assigned roles. The MBA students got too caught up in the competitiveness of the strategy simulation game and failed to adhere to the instructions given for each Stakeholder Role. The main campus students commented that there was a lot a variance in the quality of the name badges that the MBA students had created themselves and that some badges were not clear at all. The main campus students also observed that when the EPQ and ATBEQ questionnaires were given to the students for completion, they did not apply their minds to the questions as

diligently as they should have as they were eager to continue with the Execugame. The researcher also received feedback regarding the lack of clarity of some of the Stakeholder Roles as contained in the instruction sheets that were provided in advance to the student participants.

All of the issues that were raised during the pilot studies were noted and addressed by the researcher. All resulting improvements were then implemented in the main study, the details of which are set out in 4.2.3 below.

4.3 THE MAIN STUDY

4.3.1 THE CONTEXT

The experiment was run during the induction week of the GIBS part-time modular MBA students. This week ran from Monday 16 January 2012 until Saturday 21 January 2012 and was designed to build the group dynamics of the group as a whole, as well as of the syndicates into which the students had been allocated. The students were divided into 20 syndicates - 10 into what was designated the Blue group and 10 into the Green group. These two groups were to attend classes separately from each other during the MBA programme and were only together for the purpose of the induction programme, known as Genesis. Appendix D contains details of the business credentials of the MBA students, including a listing of work titles and employer details at the time of the experiment. The students had

no input regarding their allocation to any particular syndicate and were unaware of whom their fellow syndicate members were until the first day of Genesis. The students had been provided with certain pre-readings ahead of the week, including the Players' Manual to Execugame. The students were instructed to be well versed in the particulars of the game ahead of the first round that was to be played on the evening of Tuesday 17 January. On the morning of the 17th the students were given a thirty-minute briefing on the purpose of the game, instructions on how to play the game and details regarding what was required of them. The MBA students were also informed that GIBS is a research institute and that they would be requested to participate in the collection of data for various research initiatives during the course of the week.

The MBA students were further informed that the purpose of Execugame was to build team dynamics, develop a deeper understanding of the importance of roles and of playing and adhering to roles that they may not be comfortable with or used to in their syndicate work. They were also told that the objective of Execugame was to beat the rival teams in terms of the five measures of performance set out in the Players' Manual. The students were informed that they would be randomly assigned to one of four business Stakeholder Roles for the duration of the game and that they were expected to play the game from the perspective of their particular role. They were informed that main campus student research assistants had been brought in to monitor their ability to adhere to their randomly assigned role,

as the effectiveness of role-playing in simulations was the subject of a research project. The students were also informed of an award that would be given to the top role-players based on the feedback provided by the monitors. The nature of this incentive award was free admission to an executive education programme offered by GIBS, subject to the proviso that there should be unsold seats available to the winning students. The students were also told that they would be monitored on camera to ensure that the evaluation and determination of the role-playing and role-playing winners was as objective and accurate as possible. The students were further instructed during the briefing session to decide on a name for the company that their syndicate would be operating in the Execugame. They were also required to decide on what product they would be manufacturing for the duration of the simulation. This was done to reduce the abstractedness of the simulation and allow the students to better conceptualize their operations and thus make better business decisions. It was also done to strengthen their identification with the game, their company and Stakeholder Role (SR), to improve the ecological validity of the experiment.

4.3.2 RANDOM ASSIGNMENT OF THE PARTICIPANTS

The students were informed that they would be competing in 4 separate worlds – Blue group syndicates 1-5 would be competing against one another and their respective decisions would have an effect only on the

companies in this world and no other. The same logic applied for syndicates Blue 6-10, Green 1-5 and Green 6-10. On the evening of the 17th the students were introduced to the main campus student monitors and told that they may not interact with them as the purpose of the monitors was to assess their role-playing adherence and abilities. A monitor was then assigned to each syndicate and each company team with monitor was then sent to a separate meeting room to decide on what decisions they would be making for the first round of the game. The main campus student monitors were provided with 8 pre-printed name badges – 2 for each Stakeholder Role and marked 1 and 2 per each Stakeholder Role designation. Hence, for example, the badges read MANAGER 1 and MANAGER 2, etc. The main campus monitors ensured that the allocation of Stakeholder Role badges was done on a random basis via the participants taking turns to select, blindly, a name badge out of the paper bag. The participants were required to wear these badges throughout the entire duration of the game to allow the other players to recognize and relate to the Stakeholder Role (SR) each subject was playing. The participants were then each provided with instructions pertaining to their particular Stakeholder Role (SR). These instructions had been revised and reviewed subsequent to the second pilot and contained details of what was expected of the participants in terms their contribution to the game's decisions and what their Stakeholder Role's expectations, interests and concerns were in terms of the Execugame performance outcome measures. The instructions for each Stakeholder Role are contained in Appendix E.

4.3.3 THE EARLY STAGES OF THE PROCEDURE

The students were given a total of 80 minutes to formulate their decisions as a company for the first round of the business game and they were required to submit their decisions on a decision sheet with details of their company name and syndicate number (i.e. Blue 1-10 and Green 1-10). Players representing the same Stakeholder Role (SR) within a given company were permitted to discuss their role's particular needs and interests and develop a coordinated strategy to optimize the position of their Stakeholder Role (SR) in the game. The main campus student monitors were instructed to remind the participants regularly to make sure that they were adhering to their Stakeholder Role and no other throughout the session. The monitors were specifically instructed not to highlight any individual behaviour of the participants but to ensure that all statements and queries regarding role-playing were addressed to the company team as a whole.

The decision sheets were collected at the end of the session and the name badges, instruction sheets and video tapes of the sessions were retained by the monitors for use at the next session. To ensure that the participants developed a closer affinity to and identification with their company, their chosen company name was inserted into the reports that were generated after the game data had been collected and processed after each round for feedback to each company.

On Wednesday 18 January, the participants, sitting as the whole group of students in the auditorium, were requested to complete the Ethics Position Questionnaire (EPQ) prior to announcing the performance of the respective companies to the whole group. They were informed that the EPQ would be the first of three questionnaires that they would be asked to complete and that the data were to be collected on an anonymous basis and that they were free not to participate. The students were instructed to identify their responses through the use of their designated Stakeholder Role (SR) and syndicate number so that their responses to the questionnaire could be matched to their responses to the other questionnaires. Details of how to enter their role and syndicate details were written on the blackboard by the researcher to ensure optimal compliance by the participants. The participants were instructed to apply their minds diligently to the questions and to take their time answering them. They were also told that there was no rush since generous time had been allocated for this task. Once all the participants had completed the questionnaires, they were collected and the students were instructed to go back to the meeting rooms they were in the previous day to meet their previously allocated main campus student monitor. The process as described that had been adopted in round one was then repeated in round two. During all the sessions the researcher walked around from group to group reminding the participants to adhere to their assigned Stakeholder Role (SR) and ensured that the main campus student monitors were adhering to their tasks.

On the morning of Friday 20 January, at the start of a session that was described in the timetable as “Responsible Leadership”, the students were requested to complete Rest, Narvaez, Thoma & Bebeau’s (1999) Defining Issues Test version 2 (DIT-2) questionnaire, designed to measure level of Cognitive Moral Development (CMD). The intention, in terms of the initial research proposal and study design was to use the data from the DIT-2 to test the proposition that CMD moderates the relationship between attitude towards an ethically ambiguous action and contingent reward consequences and more specifically, that the lower the level of CMD the stronger such relationship would be and conversely the higher the level of CMD the weaker such relationship would be. The intention was furthermore to test the relative predictive effect of CMD in comparison with the effects of the independent variables, RC and SR. As will be discussed under Results, regrettably problems were experienced in the collection of data on DIT-2 and this measurement instrument had to be omitted from further consideration in the study. For this reason, no attention is given to the development of operational or statistical hypotheses pertaining to CMD and this construct does not feature in the presentation or discussion of results. It remains an important construct for consideration in future research.

The 3rd round of Execugame took place in the afternoon of the 20th and followed the same process as the first two rounds.

4.3.4 THE COMPETITOR BLUFF

During the evening of the 20th, final touches and checks were made to ensure 100% accuracy of the newspaper articles that were to precede the ATBEQ questionnaire that each subject would receive the next day. Each newspaper article was customized to include the name of the company of which the subject was a member, as well as the Stakeholder Role and level of Reward Consequences to which the subject had been randomly assigned.

On the morning of the 21st, the participants were informed that an event had occurred in the Execugame. They were told that it had been included into the simulation to stretch them and that they were to read the details of the occurrence carefully. They were required to continue playing in their roles once they had completed the ATBEQ, which was administered immediately after the newspaper article had been read and its contents absorbed by each participant. The participants were instructed to complete the questionnaire from the perspective of the Stakeholder Role that they had been playing over the previous 3 rounds. The participants were also informed that the ATBEQ (which included the specially developed items of the ATECB) was an adaptation of a questionnaire that had been used by the researcher on a previous occasion to evaluate ethical attitudes of business people in South Africa. The monitors were instructed to hand out the company performance reports to be used in the 4th round only after the

participants had completed and handed back their completed ATBEQ questionnaires. During the completion of the questionnaire, the participants were instructed to obey exam-writing conditions, including silence and not look at one another's questionnaires. It was emphasised that there was no rush to complete the questionnaire and that they should be diligent in applying their minds to each question. The monitors were instructed to remind the participants that they were to answer the questionnaire from the perspective of their Stakeholder Role.

Once all the completed questionnaires had been returned by all the monitors, the participants were allowed to continue playing the game as normal to complete round 4. The Execugame game data were then collected at the end of the round and the participants were given feedback on the final results of the game during the last session of Genesis. The results of the game and company performance played no role whatsoever in the research experiment or analysis of research results.

4.4 DEVELOPMENT OF THE STATISTICAL HYPOTHESES TO TEST THE RESEARCH HYPOTHESES

The following statistical hypotheses were developed to test the research hypotheses that in turn were formulated to give operational expression to the propositions deduced from the review of pertinent literature:

4.4.1 STATISTICAL HYPOTHESIS 1

The following statistical hypothesis was developed to test Hypothesis 1:

$$H_{10}: \mu_1 - \mu_2 \leq 0 \text{ and}$$

$$H_{1a} : \mu_1 - \mu_2 > 0;$$

where μ_1 is the mean ATECB score of the participants who received a positive RC treatment and μ_2 is the mean ATECB score of the participants who received a negative RC treatment.

4.4.2 STATISTICAL HYPOTHESIS 2

The following statistical hypothesis was developed to test Hypothesis 2:

$$H_{20}: \mu_{RC1} \geq \mu_{RC2} \geq \mu_{RC3} \geq \mu_{RC4}; \text{ and}$$

$$H_{2a} : \mu_{RC1} < \mu_{RC2} < \mu_{RC3} < \mu_{RC4}$$

where: μ_{RC1} is the mean ATECB score for the High Negative RC group,

μ_{RC2} is the mean ATECB score for the Low Negative RC group,

μ_{RC3} is the mean ATECB score for the Low Positive RC group, and

μ_{RC4} is the mean ATECB score for the High Positive RC group.

4.4.3 STATISTICAL HYPOTHESES 3A, 3B, 3C AND 3D

The following two statistical hypotheses were developed to test Hypotheses 3A and 3B:

H3A₀: $\rho_{RA} = 0$;

H3A_a: $\rho_{RA} > 0$

where ρ_{RA} is the (population) correlation between Relativism (RELAT) and ATECB.

H3B₀: $\rho_{IA} = 0$;

H3B_a: $\rho_{IA} < 0$

where ρ_{IA} is the (population) correlation between Idealism (IDEAL) and ATECB.

The following two statistical hypotheses were developed to test Hypotheses 3C and 3D:

H3C₀: $\rho_{CA} - \rho_{RA} = 0$;

H3C_a: $\rho_{CA} - \rho_{RA} > 0$

where ρ_{CA} is the (population) correlation between RC and ATECB and ρ_{RA} the (population) correlation between Relativism (RELAT) and ATECB.

H3D₀: $\rho_{CA} - \rho_{IA} = 0$;

H3D_a: $\rho_{CA} - \rho_{IA} > 0$

where ρ_{CA} is the (population) correlation between RC and ATECB and ρ_{IA} the (population) correlation between Idealism (IDEAL) and ATECB.

4.4.4 STATISTICAL HYPOTHESIS 4

The following statistical hypothesis was developed to test hypothesis 4:

$$H_{4_0}: |\beta_{RC*RELAT}| = 0; \text{ and}$$

$$H_{4_a}: |\beta_{RC*RELAT}| > 0$$

where $\beta_{RC*RELAT}$ is the beta coefficient for the interaction between the Relativism dimension of the EPQ (RELAT) and Reward Consequences (RC), in the abovementioned multiple regression.

4.4.5 STATISTICAL HYPOTHESIS 5

The following statistical hypothesis was developed to test hypothesis 5:

$$H_{5_0}: |\beta_{RC*IDEAL}| = 0; \text{ and}$$

$$H_{5_a}: |\beta_{RC*IDEAL}| > 0$$

where $\beta_{RC*IDEAL}$ is the beta coefficient for the interaction between the Idealism dimension of the EPQ (IDEAL) and Reward Consequences (RC), in the abovementioned multiple regression.

4.4.6 STATISTICAL HYPOTHESIS 6

The following statistical hypothesis was developed to test hypothesis 6:

$$H_{6_0}: \sum \gamma_j^2 = 0; \text{ and}$$

$$H_{6_a}: \sum \gamma_j^2 > 0,$$

where $\gamma_j = \mu_j - \mu$ in the one-way ANOVA model:

$$X_{ij} = \mu + \gamma_j + \varepsilon_{ij},$$

where μ = the grand (population) ATECB mean;

γ_j = the effect of the j th Ethical Ideology (the four ideologies being Situationism, Subjectivism, Absolutism and Exceptionism) ; and

$\varepsilon_{ij} = X_{ij} - \mu_j$, the residual or error score.

5 RESULTS

This chapter details how the data were processed and analysed in order to test the statistical hypotheses set out at the end of Chapter 4.

5.1 INITIAL STEPS IN THE ANALYSIS PROCESS

The data collected via the questionnaires were numerically coded and captured for processing. The coding process revealed the unacceptably high number of incorrectly completed DIT-2 questionnaires and a decision was taken by the researcher to exclude all data collected from the DIT-2 from the present study, as previously noted. The consequences of this unforeseen loss of the DIT-2 in the research will be addressed in a subsequent section.

The Department of Statistics at the University of Pretoria offers a free data capturing service to doctoral students of the University and the author took advantage of this service as it was important that the data capturing be done as accurately as possible. Once the data had been captured, a check for anomalies was made and all anomalies were resolved either by a re-check of the hard-copy of the questionnaire or by leaving the response as blank. The researcher then took a sample of 40 hard copy questionnaires and checked the accuracy of both the coding and capturing by having the marked responses called out to him and the researcher verifying that the appropriate code for all the responses given by the 40 cases were correct.

No inaccuracies or anomalies were identified in the 40 sample cases and the data were thus considered to have been captured accurately and to be clean. The codings assigned to certain variables were however altered to enable meaningful analysis. The data were analysed independently by the researcher using SPSS v20 and AMOS statistical software packages.

5.2 DESCRIPTIVE STATISTICS

A total of 143 participants took part in the Genesis Week of the 2012/13 cohort of GIBS part-time MBA modular programme. The frequency tables of the demographic variables of gender, years of management experience, home language, religion and age are contained in Tables 5-9. One of the concerns about using students as participants in management research is that the students may not have had sufficient exposure and experience to be able to respond reliably to questions relating to business issues. This concern was not founded in this instance since 86% of the participants were found to have two or more years of management experience and 64.3% of the participants had at least four years of management experience (see Table 7). Forty two percent of the participants indicated that one of the African official languages was their home language, while 39% of the participants reported that English was their home language and 16.8% reported Afrikaans as their home language (see Table 5). The language of instruction for the GIBS MBA is English. Students are required to be proficient in English and all applicants for the GIBS MBA are tested

for proficiency in English as part of the admissions entrance exam. The majority (75.5%) of the participants indicated that they were Christians; while only 7% claimed to have no religious beliefs (see Table 8). Most of the participants (71.4%) were between the ages of 30 and 40 years (see Table 9). The demographics of the sample indicate that the participants were suited for the role playing that would be required in the business simulation used in the main study.

Table 5: Home Language

	Frequency	Percent	Cumulative Percent
English	56	39.2	39.2
Afrikaans	24	16.8	56.0
Setswana	14	9.8	65.8
Zulu	13	9.1	74.9
Xhosa	10	7.0	81.9
Sepedi	8	5.6	87.5
Tsonga	6	4.2	91.7
Southern Sotho	3	2.1	93.8
Swati	3	2.1	95.9
Other	2	1.4	97.3
Venda	2	1.4	98.7
Ndebele	1	.7	99.3
Uncoded	1	.7	100.0
Total	143	100.0	

Table 6: Gender

	Frequency	Percent	Cumulative Percent
Uncoded	4	2.8	2.8
Female	52	36.4	39.2
Male	87	60.8	100.0
Total	143	100.0	

Table 7: Years of Management Experience

		Frequency	Percent	Cumulative Percent
Valid	0-2	16	11.2	11.5
	2-4	31	21.7	33.8
	4-6	39	27.3	61.9
	6-8	22	15.4	77.7
	8-10	14	9.8	87.8
	10+	17	11.9	100.0
	Total	139	97.2	
Missing	System	4	2.8	
Total		143	100.0	

Table 8: Religion

		Frequency	Percent	Cumulative Percent
Valid	Christianity	108	75.5	75.5
	Hinduism	12	8.4	83.9
	none	10	7.0	90.9
	other	5	3.5	94.4
	Judaism	4	2.8	97.2
	Islam	2	1.4	98.6
	Folk religion	1	.7	99.3
	Total	142	99.3	
Missing	System	1	.7	
Total		143	100.0	

Table 9: Age

	Frequency	Percent	Cumulative Percent
Uncoded	1	.7	.7
25-30	32	22.4	23.1
30-35	66	46.2	69.2
35-40	36	25.2	94.4
Older than 40	8	5.6	100.0
Total	143	100.0	

5.3 SCALE DEVELOPMENT AND TESTING

Prior to testing any of the hypotheses that had been developed, the measures for Attitude Towards Competitor Bluffing (ATECB), Idealism (IDEAL) and Relativism (RELAT) were developed or confirmed and tested.

5.3.1 RELIABILITY OF THE ATTITUDE TOWARDS THE ETHICALITY OF COMPETITOR BLUFFING (ATECB) MEASURE

Four specially developed questions designed to measure the participants' attitude towards the ethicality of competitor bluffing were built into a published questionnaire known as the Attitudes Towards Business Ethics Questionnaire (ATBEQ) developed by Preble and Reichel (1988) and used by Moore and Radloff (1996) and Price and van der Walt (2012) to measure attitudes towards business ethics in South Africa. The four specially designed new questions were inserted as items 10, 14, 16 and 31 of the modified and expanded ATBEQ. Taken together, and apart from the original ATBEQ items, the new items constituted a sub-scale termed the Attitude Towards the Ethicality of Competitor Bluffing (ATECB) scale. Question 16 was posed in the reverse; hence the responses to this item were reverse scored to allow for meaningful summation over the items in this scale. Appendix F contains the adapted ATBEQ questionnaire containing the ATECB items.

The item responses to the individual questions contained in the scale were then summated to create a scale score for each subject. The scores on this scale ranged from 4 to 20 with a mean of 13.13 and a standard deviation of 4.412. The results display a kurtosis value of -0.816, which indicates a slightly flatter distribution than a normal distribution. This is desirable and acceptable, indicating good discrimination power with a healthy number of

responses toward the extremes of the scale. The skewness value of -0.448 indicates a slight negative skewness, with scores tending slightly to the low end of the distribution. The results indicate good psychometric properties for the specially developed ATECB scale, including a high internal consistency reliability, as indicated by the alpha coefficient of .881. The ATECB scale thus could be used with confidence as the dependent variable measure in the main study experiment.

5.3.2 ANALYSIS OF THE EPQ

The next stage of the data analysis involved the evaluation of the EPQ to assess its suitability for use in the South African context and to assess and optimise the reliabilities of the measures of Idealism (IDEAL) and Relativism (RELAT) for subsequent use in the main study. The EPQ had been critically analysed by Davis, Andersen and Curtis (2001), who conducted a confirmatory factor analysis on the EPQ on two occasions as part of their studies. The confirmatory factor analyses confirmed Forsyth's (1980) two main and independent dimensions of Relativism and Idealism, but indicated that the EPQ contained a third factor, which they labelled *veracity*. There were only two items (16 and 17) that loaded on this factor. Hence it should be considered a narrow doublet, not a fully determined common factor. It appears attributable to poor item writing, in that both items loading on this factor relate to and include the word "lying". This

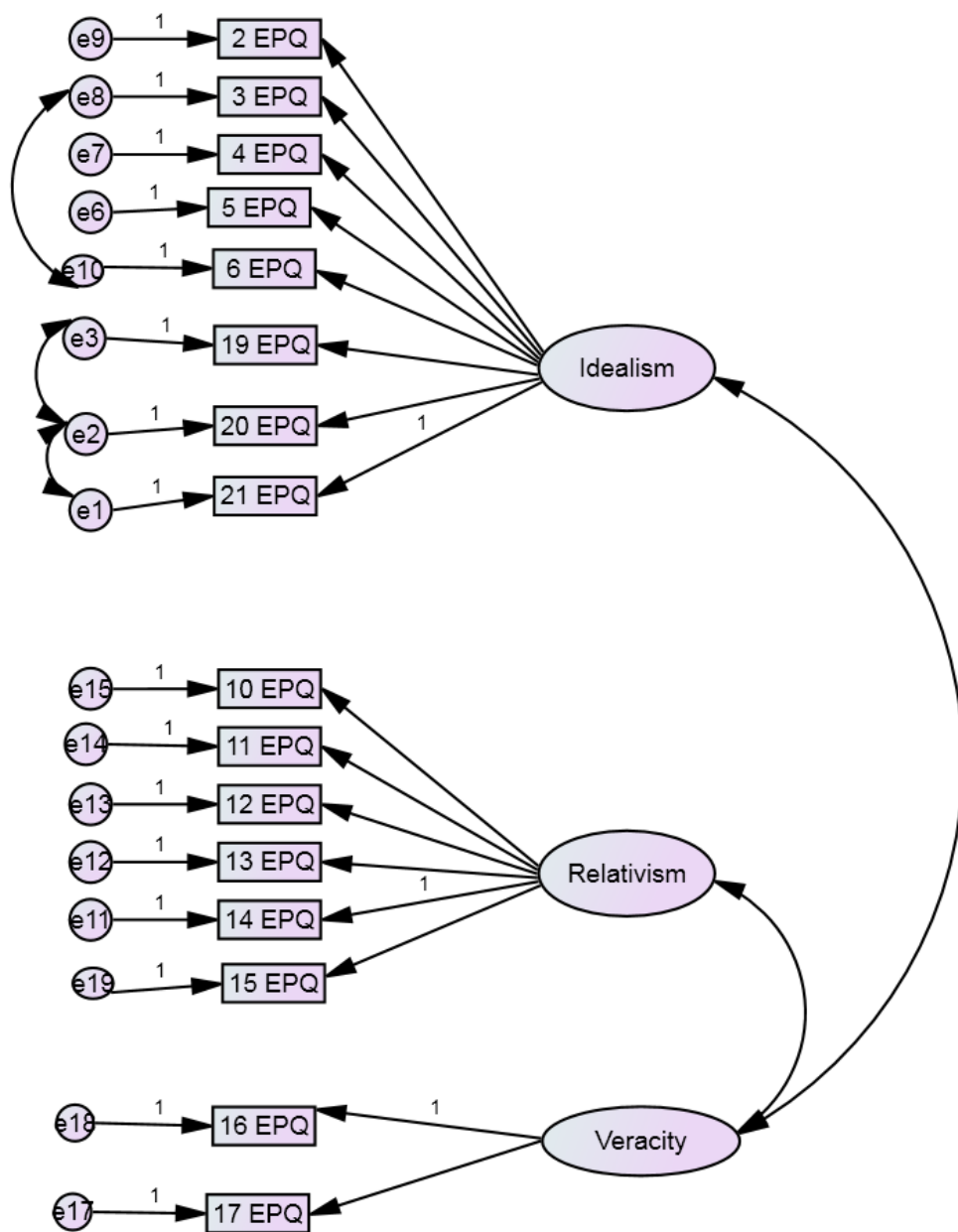
possibly spurious two-item factor was accommodated as such in the present study.

5.3.2.1 CONFIRMATORY FACTOR ANALYSIS OF THE EPQ

To assess the fit of Forsyth's (1980, 1981, 1992) orthogonal two-factor model to the data collected on the research sample during the Genesis week a confirmatory factor analysis (CFA) using AMOS (Arbuckle, 2011) was undertaken. The chi-squared goodness-of-fit index indicated a statistically significant difference between the estimated and the observed covariance matrices ($p < .05$), suggesting that the model may not be a good fit to the South African data. The model was then re-specified as a three-factor model in accordance with the research conducted by Davis et al. (2001), in conjunction with an examination of the EPQ item content and the modification indices (Barrett, 2007) produced by the CFA analysis. An acceptable level of fit was achieved ($\chi^2 = 100.357$, d.f. 99; $p = 0.443$; CFI = 0.997). This is compared to the three-factor model achieved by Davis et al. (2001) who reported a CFI = 0.91. The χ^2 value of 0.443 was not statistically significant as it was above the conventionally accepted level, $p = 0.05$. The RMSEA value of 0.010 was below the threshold value of 0.08 recommended by Hair, Black, Babin, Anderson and Tatham (2010). The optimum three-factor solution was achieved by eliminating two items that had correlated measurement errors from the latent variable Idealism (items 7 and 18) and similarly dropping two items from the latent variable

Relativism (items 8 and 9) analysis. The resultant three-factor model was estimated with the inclusion of a third factor, with just two items, based on that labelled as Veracity by Davis et al. (2001). A depiction of the final EPQ three-factor model is shown in Figure 7.

Figure 7: The Optimum Three-factor EPQ Model



5.3.2.2 RELIABILITY OF THE EPQ MEASURES

The scale reliabilities for the three EPQ dimensions were .803 for Idealism, .635 for Relativism and .821 for veracity. Thus each scale displayed acceptable internal consistency for the purposes of use in the research (Hair et al., 2010), although the alpha coefficient for Relativism was modest. These values compare with the Cronbach alpha coefficients reported by Forsyth (1980) of .80 for Idealism and .73 for Relativism as well as the Cronbach alphas of .83 for Idealism, .81 for Relativism and .85 for Veracity reported by Davis et al. (2001) in their first study and .87 for Idealism, .85 for Relativism and .83 for Veracity reported by Davis et al. (2001) in their second study. The reliability of both RELAT and IDEAL are thus acceptable for research purposes and the scales were used in the present study. This study did not include the latent variable Veracity in the analysis for two reasons. First, Veracity did not constitute one of the original theory-based dimensions of Forsyth's (1980) EPT. Second, the empirically-derived two-item factor, or doublet, that was dubbed Veracity was considered of questionable content validity as both items loading on it happened to refer to the issue of lying (see questions 16 and 17 of the EPQ in Appendix C).

5.4 TESTS OF THE STATISTICAL HYPOTHESES 1 AND 2

Hypothesis 1 was investigated by means of an independent samples *t*-test. Hypothesis 2 was investigated by means of a two-way ANOVA.

5.4.1 HYPOTHESIS 1

The first hypothesis that was tested was the hypothesis that the mean Attitude toward the Ethicality of Competitor Bluffing (ATECB) would be more positive for those participants for whom the valence of Reward Consequences (RC) was positive (whether high or low) than for those for whom RC was negative (whether high or low). An independent-samples t -test was used to compare the mean ATECB score for the group of participants with a positive RC valence (14.04) with the mean score for those with a negative RC valence (12.17). Levene's test value for equality of variances of the two groups was .655, which exceeds the threshold of .05 and indicates that the variances could be assumed to be equal. A one-tailed p value of .0035 was found, indicating a significant mean difference in the expected direction. Cohen's (1988, p. 284-7, as cited in Pallant, 2010) eta squared test for the effect size for the independent sample t -test was also computed and gave a value of .0512, which is marginally below the .06 level which is suggested as a threshold for a *medium* effect size. The results are interpreted as support for Hypothesis 1, which is thus accepted.

5.4.2 HYPOTHESIS 2

The next hypothesis to be tested (Hypothesis 2), regarding the relationship between RC and ATECB, predicted that the mean ATECB scores of the four RC groups would be ordered according to a strict monotonic sequence, with the High Negative RC group having the lowest ATECB mean, followed respectively by the Low Negative group, then Low Positive group, then High Positive Group. In other words, the last-mentioned group was expected to have the highest mean ATECB score and the first-mentioned the lowest. A two-way between-groups analysis of variance was conducted to explore both the impact of Reward Consequences (RC) and Stakeholder Role (SR) on the participants' attitude towards the ethicality of competitor bluffing (ATECB). The participants were exposed to one of four RC levels namely high positive, low positive, low negative and high negative. The cell means and frequencies for ATECB scores are reported in Table 10. Levene's test value for equality of variances of the four treatment groups was .338. Since this value is higher than the suggested threshold of .05, it indicates that the variances can be assumed to be equal across the four RC groups. There was a statistically significant difference at the 5 percent level in the ATECB scores for the four different treatment levels of Reward Consequence ($F(3, 142) = 2.900; p = .038$). The effect size, calculated using Cohen's (1988, p. 284-7, as cited in Pallant, 2010) eta squared was .065, which is considered to be a *moderate* effect size. The ATECB mean scores for the 4 RC treatment groups were also ordered from lowest to highest as

hypothesized, with contrast coefficients of -2, -1, +1 and +2 respectively. The planned linear contrast value of 1.910 is statistically significant, with $p = .006$.

These results indicate support for Hypothesis 2, which can be accepted.

The design of the experiment was such that Stakeholder role was not expected to have an effect on the relationship between ATECB and RC. The interaction effect of SR x RC was not significant ($F(9,142) = 0.616$; $p = .782$), however the direct effect of Stakeholder Role (SR) was significant ($F(3,142) = 3.075$; $p = .030$). Post hoc tests were conducted to identify any significance between Stakeholder Role (SR) group differences. The post hoc Scheffé test that was performed revealed no significant differences between the groups in terms of ATECB means. The Scheffé procedure controls for the probability of a higher Type I error rate (due to the larger number of different F tests) by using a more stringent significance level for each comparison than that for the overall F for the main effect. This statistical explanation may account for the finding of a significant result for SR but for none of the Scheffé tests for the six between-group mean comparisons.

Table 11 contain the details of the two-way ANOVA, Table 12 those for the planned contrasts relating to the levels of Reward Consequences (RC).

Table 10: ATECB Cell Means and Cell Frequencies for RC x SR ANOVA

		Stakeholder Role (SR)				Row Mean
		Manager	Employee	Shareholder	Supplier	
Reward Consequences (RC)	High Negative	12.89 (9)	12.00 (8)	12.38 (8)	9.56 (9)	11.68 (34)
	Low Negative	13.71 (7)	12.50 (8)	13.8 (10)	10.90 (10)	12.66 (35)
	Low Positive	14.90 (10)	12.30 (10)	16.63 (8)	12.50 (10)	13.95 (36)
	High Positive	14.76 (9)	13.00 (8)	14.13 (8)	14.50 (10)	14.14 (35)
	Column Mean	14.11 (35)	12.44 (34)	14.21 (34)	11.92 (30)	13.13 (142)

Frequencies given in Parentheses

Table 11: RC x SR ANOVA for ATECB Scores

Source	Sum of Squares	df	Mean Square	F	p
Intercept	24254.888	1	24254.888	1500.140	.000
Stakeholder Role	149.175	3	49.725	3.075	.030
Reward Consequences	140.689	3	46.896	2.900	.038
SR * RC	89.597	9	9.955	.616	.782
Error	2037.220	126	16.168		
Total	26913.000	142			

Table 12: ANOVA for Planned Contrasts among ATECB for different RC

Dependent Variable: ATECB

Source	Sum of Squares	df	Mean Square	F	p
Contrast	140.689	3	46.896	2.900	.038
Error	2037.220	126	16.168		

5.5 TESTS OF THE STATISTICAL HYPOTHESES 3A-D, 4 AND 5

Hypotheses 3A, 3B, 4 and 5 were tested in terms of a hierarchical multiple regression, with ATECB as the dependent variable. In model 1 of this analysis the demographic variables (gender, age, religious affiliation, years of management experience and home language) were entered first as a block. This was done to control for the influence of these demographic variables as the literature indicates that they may have an influence on the outcomes of analyses such as the present one. Dummy variables were created for religious affiliation, coded by using Christianity as the comparison category. Similarly, dummy variables were created for home language, coded by using English as the comparison category and all African languages being grouped together under a single category labelled African language. In the second model (model 2) of the hierarchical multiple regression, RELAT, IDEAL, RC, RC x IDEAL and RC x RELAT were entered as a block to test Hypotheses 3A, 3B, 4 and 5. Preliminary analyses were conducted to ensure there were no violations of the assumptions of normality, linearity, multicollinearity and homoscedasticity. In order to reduce the risk of multicollinearity when testing the interaction effects of RELAT and IDEAL respectively on the relationship between RC and ATECB, a centralised score was obtained in each case by substituting each participant's respective Idealism and Relativism scores with the mean

Idealism and Relativism score respectively subtracted from each individual score (Aiken & West, 1991).

The results obtained from the hierarchical multiple regression analysis indicate that the demographic variables that were entered as a block in model 1 explained 11.9% of the variance in the dependent variable ATECB ($F_{\Delta}(11, 126) = 1.546; p = .123$). After the entry of RC, RELAT, IDEAL, RC x IDEAL and RC x RELAT as block 2, the total variance explained by the model as a whole was 20.6%. These variables thus explained an additional 8.7% of the variance in ATECB after controlling for the effects of the demographic variables ($R^2_{\Delta} = .087, F_{\Delta}(5, 121) = 2.650; p = .026$). Apart from the dummy variable for African home language, only Reward Consequences (RC) ($\beta = .224; p = .009$) and the interaction effect of RELAT and RC ($\beta = -.184; p = .037$) were statistically significant in the final model. RELAT ($\beta = -.088; p = .320$), IDEAL ($\beta = -.002; p = .981$) and the interaction effect of IDEAL and RC ($\beta = .028; p = .772$) were not statistically significant. As the beta values for both RELAT and IDEAL were not statistically significant, neither Hypothesis 3A nor Hypothesis 3B was supported.

To test Hypotheses 3C and 3D, a test suggested by Olkin and Siotani (1964), and cited by Glass and Stanley (1970), was used. Thus to determine the significance of differences between correlations in the same sample, Olkin and Siotani z tests were performed. The first z test showed

that the Reward Consequence-ATECB correlation was statistically significantly greater than the Relativism-ATECB correlation (2.00, $p < .05$). This indicates that RC is a stronger predictor of ATECB than is Stakeholder Role Players' *a priori* moral philosophy as revealed in their positions on the Relativism dimension. This result is corroborated by the finding that in the multiple regression that includes several biographical variables together with RC and RELAT, the beta value for RC (.224; $p = .009$) was significant whereas the beta coefficient for RELAT (-.088; $p = .320$) was not.

The second z test performed showed that the Reward Consequence-ATECB correlation was also statistically significantly greater than the Idealism-ATECB correlation (3.86, $p = .000$). This indicates that RC is also a stronger predictor of ATECB than is Stakeholder Role Players' *a priori* moral philosophy as revealed in their positions on the Idealism dimension. This result is corroborated by the finding that in the multiple regression that includes several biographical variables together with RC and IDEAL, the beta value for RC (.224; $p = .009$) was significant whereas the beta coefficient for IDEAL (-.002; $p = .981$) was not.

The results for tests of Statistical Hypotheses 3C and 3D therefore provide support for Research Hypothesis 3C and 3D.

The statistical significance of the beta coefficient for the interaction between RC and RELAT indicates that RELAT does interact with RC, thus providing support for Research Hypothesis 4.

Because the beta coefficient for the interaction between RC and IDEAL was not statistically significant, support for Research Hypothesis 5 was not found in this data.

Table 13 contains the details of the hierarchical multiple regression, including the ANOVA summary, that was performed and Appendix H contains the complete inter-correlation matrix.

Table 13: Multiple Hierarchical Regression of ATECB on Predictors

Model		Standardized Coefficients Beta	<i>t</i>	<i>p</i>
1	(Constant)		11.586	.000
	African Home language	-.278	-2.697	.008
	Afrikaans Home language	-.031	-.310	.757
	Female	-.103	-1.158	.249
	Folk Religion	.094	1.093	.277
	Judaism	.054	.615	.540
	Hinduism	-.162	-1.770	.079
	Islam	.025	.287	.775
	Other	-.045	-.515	.608
	None	.031	.359	.721
	Age	-.010	-.111	.912
	Years of Management experience	-.005	-.057	.955
	2	(Constant)		4.806
African Home language		-.292	-2.815	.006
Afrikaans Home language		-.045	-.458	.648
Female		-.064	-.692	.490
Folk Religion		.103	1.217	.226
Judaism		.044	.506	.614
Hinduism		-.132	-1.466	.145
Islam		.010	.112	.911
Other		-.019	-.209	.835
None		.084	.972	.333
Age		-.040	-.457	.649
Years of Management experience		.003	.030	.976
Reward Consequences (RC)		.224	2.660	.009
RC*RELAT		-.184	-2.108	.037
RC*IDEAL		.028	.290	.772
IDEAL		-.002	-.023	.981
RELAT	-.088	-.999	.320	

ANOVA Summary

	Model	Sum of Squares	df	Mean Square	F	p
1	Regression	279.471	11	25.406	1.546	.123 ^b
	Residual	2070.378	126	16.432		
	Total	2349.849	137			
2	Regression	483.842	16	30.240	1.961	.021 ^c
	Residual	1866.007	121	15.422		
	Total	2349.849	137			

A. Dependent Variable: ATECB

b. Predictors: (Constant), years of management experience, age, Judaism, Islam, Hinduism, none, Folk Religion, other, Afrikaans home language, African home language, female

c. Predictors: (Constant), years of management experience, age, Judaism, Islam, Hinduism, none, Folk Religion, other, Afrikaans home language, African home language, female, Reward Consequences, RC*RELAT, RELAT, IDEAL,RC*IDEAL

5.6 TESTS OF STATISTICAL HYPOTHESIS 6

A one-way between-groups analysis of variance was conducted to explore the difference between the participants' *a priori* ethical ideology in relation to their attitude towards the ethicality of competitor bluffing (ATECB). The participants were categorised on the basis of Forsyth's (1980) EPQ, administered in advance of the experiment, into one of four ethical ideology types, viz., Situationists, Subjectivists, Absolutists or Exceptionists. The categorisation was done by intersecting the score distributions for the orthogonal dimensions of Relativism and Idealism on the EPQ at their respective medians and allocating participants accordingly to the one of the four typological quadrants so formed. (Refer to Table 2, p.35.)

The means and the standard deviations on the dependent variable measure, ATECB, of the four ethical ideology types defined on the basis of EPQ scores are shown in Table 14.

Table 14: ATECB Means and Standard Deviations for EPQ Ethical Ideology Types

	N	ATECB mean score	Std. Deviation
Exceptionists	31	13.94	3.043
Subjectivists	36	12.61	4.771
Absolutists	41	13.37	4.317
Situationists	34	12.68	4.117
Total	142	13.13	4.142

The differences among the ATECB means of the four EPQ Ethical Ideology types was found to be non significant at the 5 percent level, ($F(3, 138) = .755$; $p = .521$). The effect size, calculated using Cohen's (1988, p. 284-7, cited in Pallant, 2010) eta squared was .017, which is considered to be a *small* effect size. Levene's test value for equality of variances of the four ethical ideology types was .003, which is lower than .05, indicating that the variances cannot be assumed to be equal across the four groups. The non-parametric Kruskal-Wallis test was thus conducted on the means; it also revealed no statistically significant difference among the four ATECB mean scores, ($\chi^2(3, n = 142) = 1.329$; $p = .722$). Table 15 presents the details of the ANOVA on the four ATECB means.

Table 15: ANOVA on ATECB Mean Differences for Ethical Ideology Types

ANOVA

Source	Sum of Squares	df	Mean Square	<i>F</i>	<i>p</i>
Between Groups	39.078	3	13.026	.755	.521
Within Groups	2379.380	138	17.242		
Total	2418.458	141			

It can thus be concluded that Hypothesis 6 is not supported.

6 Discussion

6.1 INTRODUCTION

In this chapter the findings of the research are discussed and their theoretical and practical implications are considered. The limitations of the study are then addressed and suggestions for further research are made.

6.2 DISCUSSION OF THE FINDINGS OF THE STUDY

The study was undertaken to examine the reward contingency of ethical attitudes towards a morally ambiguous action amongst business stakeholders under conditions of strategic business competition. The competitive business conditions were simulated using a realistic business game. Graduate business students with actual experience of business and management served as participants in an experiment in terms of which they were randomly assigned to different stakeholder roles in the game, with varying reward consequences associated with a morally ambiguous action represented by a strategic competitor bluff in the context of the business simulation.

The study found support for hypotheses predicting the relativity of ethical attitudes in response to perceived rewards, under conditions of moral ambiguity, regardless of stakeholder role and notwithstanding prior moral orientation or ethical ideology. As expected, the moral philosophy

dimension of Relativism was found to moderate the relation between Reward Consequences and Attitude Towards the Ethicality of Competitor Bluffing, however, statistical support was not found in this study for a direct effect of either of the personal moral philosophy dimensions of Relativism and Idealism nor a moderating effect of the moral philosophy dimension of Idealism on the relation between reward consequences and attitude. This interesting discrepancy calls for further research.

More specifically, support was found for Hypothesis 1 confirming a significant difference in attitude towards the ethicality of a morally ambiguous action between stakeholders who attribute positive reward consequences for themselves to the morally ambiguous action compared to stakeholders who attribute negative reward consequences to the action. Building on this, the findings in support of Hypothesis 2 indicate that such differences in attitude towards a morally ambiguous action are ordered in a strictly monotonic sequence, with the most negative attitudes being associated with the most negative reward consequences and the most positive attitudes being associated with the most positive reward consequences.

The lack of support for Hypotheses 3A and 3B suggests that neither of the *a priori* personal moral philosophy dimensions of Relativism nor Idealism are a significant predictor of attitude towards a morally ambiguous action; and the support found for Hypotheses 3C and 3D suggest that reward

consequences are a stronger predictor of stakeholder attitude towards the ethicality of a morally ambiguous action than both the *a priori* personal moral philosophy dimensions of Idealism and Relativism.

The outcomes of the tests of Hypotheses 4 and 5 provided mixed results. Support was found for the argument that stakeholders' *a priori* position on the Relativism dimension of personal moral philosophy moderates the relationship between reward consequences and attitude towards a morally ambiguous action. However, statistically significant evidence was not found for any moderation effect of the *a priori* position on the Idealism dimension of personal moral philosophy. These findings suggest that, in morally ambiguous situations in the presence of reward consequences, the individual factor of personal moral philosophy has limited influence on individuals' attitudes towards such morally ambiguous action.

The lack of support for Hypothesis 6 indicates that, contrary to expectation on the basis of the literature reviewed in Chapter 2, no statistically significant differences were found amongst the four ethical ideology types, viz. Situationists, Subjectivists, Absolutists and Exceptionists in attitude towards the ethicality of a morally ambiguous action, in the presence of reward consequences. The effect size for the observed differences was small.

6.3 THEORETICAL IMPLICATIONS

This study departed from a recognition that “an understanding of ethical decision making in organisations is important to the development of organisational science” (Trevino, 1986), and as such sought to contribute towards the development of organisational science by providing a better understanding of the relative predictive power of the issue-related factor of reward consequences compared to the individual factor of personal moral philosophy. The issue-related factor of reward consequences was selected for study as it has been recognised as a key dimension in theories of moral intensity (Jones, 1991). The findings of the study have implications for the refinement and development of models of ethical decision-making in real-world contexts and related theory.

6.3.1 THE IMPACT OF REWARD CONSEQUENCES ON ATTITUDES TOWARDS THE ETHICALITY OF MORALLY AMBIGUOUS ACTS

The first objective of this research was to seek evidence for a causal relationship between reward consequences and stakeholder attitudes toward the ethicality of a morally ambiguous action. The study used competitor bluffing in a simulated business context as a proxy for a morally ambiguous action and was able, through use of an appropriate experimental design, to demonstrate a contributory causal relationship between the two constructs. The observed relationship is described as a contributory causal relationship because (1) the presumed cause (reward

consequences) precedes the effect (ethical attitude) and (2) altering the cause alters the effect (Riegelman, 1979). It is not a requirement that all those who possess the contributory cause experience the effect. Nor is it a requirement that all those who are free of the contributory cause be free of the effect. Hence perfect prediction is not at issue. Taking into account the findings of Chen et al. (2009) regarding the relationship between attitude and intent, as well as the support found for TPB (Ajzen, 1991) in the ethical decision-making process (Armitage & Conner, 2001), it can also be argued that the finding of this contributory causal effect of reward consequences supports and re-enforces the theories of both Moral Intensity (Jones, 1991) and Contingency (Ferrell and Gresham, 1985). Jones (1991) proposed an issue-contingent model, with moral intensity as its cornerstone. The findings of this study indicate that personal reward consequences should be included into the magnitude of consequences element of moral intensity, as it appears to be an important factor in the ethical decision-making process. The question still to be answered however is whether or not the issue-related factor has more impact on the more intuitive-natured attitude or the more reason-orientated nature of judgment. Findings in favour of the former would lend strong support to the social intuitionist approach of Haidt (2001) and weaken the standing of the still pre-eminent rationalist models.

The positive finding with regard to the first hypothesis laid the foundation for the findings pertaining to the subsequent hypotheses. Clear evidence was found for the predicted increase in the valence of attitudes towards the

ethicality of a morally ambiguous action, varying systematically from negative for stakeholder role players who attributed negative reward consequences to the action to positive for those who attributed positive reward consequences. This finding supports the argument that reward consequences for the moral decision-maker should be integrated into Jones' (1991) model of ethical decision-making since actor-affected reward consequences do indeed have a directional influence on the moral decision-maker's attitude towards the act. There should be little objection to this since Jones (1991) himself recognises that the proximity of an issue would affect the moral intensity of such issue. The findings also support the thesis of Ferrell and Gresham (1985) that opportunity factors, such as reward and punishment influence the evaluation of behaviour and impact the ethical decision-making process.

The support for Hypotheses 2 builds on the theoretical foundation affirmed by the support for Hypothesis 1. Hypothesis 2 has to do with the theory that magnitude of consequences is also a factor in how reward consequences influence attitude toward morally ambiguous actions. The greater the magnitude of reward consequences for oneself, the more favourable are the attitudes of stakeholders towards a morally ambiguous action. This finding has profound implications for both theory and practice with regard to ethical decision making in business. From a theoretical perspective, it too supports the argument that the moral intensity dimension of magnitude of consequences should be expanded to explicitly include the consequences

for the moral decision-maker and not just third parties affected by the act as is currently implied in Jones' (1991) model. Such an extension of this dimension of the issue-related factor of moral intensity would better explain how consequences, both in terms of magnitude and proximity to the decision-maker, affect decision-making.

6.3.2 ETHICAL IDEOLOGY IN THE PRESENCE OF REWARD CONSEQUENCES

The findings from tests of hypotheses 3A-D, 4, 5 and 6 failed to provide evidence that Forsyth's (1980) taxonomy, or more properly, typology, of ethical ideology has predictive value with regard to the attitude of stakeholders towards a morally ambiguous action or event, in the presence of reward consequences. This result is of particular concern in light of Forsyth's (1992) bold claim that his model is particularly useful in circumstances that are morally less clear cut. In this regard, he argued that "problems of ethics can be addressed profitably through open, reasoned discussion of ethical questions from each of the four perspectives: Situationism, Subjectivism, Absolutism and Exceptionism" (Forsyth, 1992, p. 468). The findings of this study, however, suggest that the focus of such reasoned discussion should be rather on understanding the relative consequences and their magnitude as perceived by the various stakeholders concerned.

6.3.3 DECISION-MAKING IN MORALLY AMBIGUOUS CIRCUMSTANCES

Most research to date involving ethical ideologies and their association with ethical decision-making has involved attitudes towards questionable behaviours (e.g. Dubinsky et al., 2004). While such research has found that, in the context of questionable behaviour, individuals considered to be more relativist view questionable actions more favourably, the current study demonstrated that this is not the case in circumstances that involve reward consequences arising out of a morally ambiguous action. The support for Hypotheses 3C and 3D indicate that, in the presence of reward consequences, both business stakeholders who scored high and those who scored low on the Idealism and Relativism measures were affected in the same way by the reward consequences when it came to assessing their attitude towards a morally ambiguous action. Similarly, while previous studies (e.g. Henle et al. (2005)) have found Idealism to be negatively related to how favourable questionable behaviours were viewed, this too was not upheld in the present study. The Idealism scores of business stakeholder role players were found not to be related to their attitude towards a morally ambiguous action involving reward consequences. This study's findings are thus more in line with those of Sivadas et al. (2003), who found sales manager Idealism was unrelated to moral judgment. It would thus appear that the reward consequences for moral decision-

makers in the context of an ethically ambiguous action eclipse the effect of Idealism in determining their attitude.

6.3.4 PREDICTION OF ATTITUDE IN A MORALLY AMBIGUOUS CONTEXT

The lack of support for Hypotheses 3A and 3B as well as the support for Hypotheses 3C and 3D implies that the efficacy of both Relativism and Idealism as predictors of ethical attitude under conditions of moral ambiguity may be dampened or overshadowed when reward consequences are present. This finding supports the argument that personal moral philosophies may play a less influential role in determining ethical attitude than the situational factor of reward consequences. Thus, while Henle et al. (2005) found Idealism to be a predictor of interpersonal deviance, the current study failed to provide evidence that Idealism is a predictor of attitude towards the ethicality of a morally ambiguous action, in the presence of reward consequences. The proposition can therefore be advanced that all business stakeholders, regardless of their *a priori* concern for public welfare, may be influenced more directly and strongly by the reward consequences of a morally ambiguous action. In addition, the lack of support for Hypothesis 6 indicates that ethical ideology, represented by Forsyth's (1980) four types, viz., Situationists, Subjectivists, Absolutists and Exceptionists, fails to differentiate attitudes towards the ethicality of a morally ambiguous action, in the presence of reward consequences. The

similar absence of support for the moral philosophy dimensions of Relativism and Idealism as predictors of attitudes towards the ethicality of a morally ambiguous action in the presence of reward consequences further calls into question the purported influence of ethical ideology under morally uncertain conditions. In this study, business stakeholders were found to be more likely to be swayed by the consequences, irrespective of their espoused moral philosophy.

6.3.5 MORAL AWARENESS AND IMAGINATION

Moral ambiguity refers to lack clarity of standards and norms; however, it may also be associated with limited moral awareness and imagination. The findings of this study indicate that there is a tendency not to look beyond the consequences when determining an attitude towards the ethicality of a morally ambiguous action. Since the recognition of a moral issue is the first step in the ethical decision-making process (Rest, 1986), the presence of reward consequences in a morally ambiguous context might, it is argued, diminish the level of moral awareness and compromise the quality of moral imagination (Werhane, 1998) and thus also of the resultant ethical decision. Jones (1991) maintains that for the moral decision process to begin, a person must be able to recognise the moral issue. The absence of the recognition of the moral element to a decision leaves a person to rely on other schemata, such as economic rationality in the decision-making process. This study supports Jones's (1991) assertion that moral intensity,

represented by the reward consequences of moral acts, impacts the recognition of moral issues. Whilst Jones (1991) was referring primarily to the moral actor's own recognition of the moral dimension of an intended act, based on an assessment of the consequences for others, the findings of this study indicate that the principle applies equally when the affected third parties are cast as assessors of a moral action which has reward consequences for them. The implications of this for further theory development, as well as for real-world contexts in business and elsewhere, deserve further close attention.

6.3.6 STAKEHOLDER THEORY DEVELOPMENT

The findings of this study are in line with the original sentiments of R. Edward Freeman, who argued that the drive behind stakeholder theory is managerial in nature (Freeman, 2000). Managers have to be acutely aware of the true nature of individuals, not as they ought to be, but as they actually are if they are to manage the complex web of interrelated relationships among their stakeholders with competence and to good effect. The findings of this study indicate that the relationship between reward consequences and attitude towards a morally ambiguous action does not differ across business stakeholder groups. Presumably this is because the same basic human factors, most notably self-interest, are at work in shaping ethical decisions, particularly when moral norms of right and wrong are unclear or poorly established. All business stakeholders are subject, in much the same

way, to these powerful motive forces. The finding in this regard reinforces the need for a descriptive, empirical focus in approaches to the study of stakeholder management and a move away from an exclusively normative approach in future work aimed at advancing stakeholder theory. A shift in emphasis such as this would help to move the theory of stakeholder management towards an appreciation that managing stakeholders, as essentially human actors, is more about understanding how different stakeholders are likely to respond under particular circumstances than about how they ought to respond.

6.3.7 IMPROVING THE METHODOLOGICAL QUALITY OF RESEARCH IN THE FIELD OF ETHICAL DECISION-MAKING

McMahon and Harvey (2006) raised concerns regarding the methodology of past research relating to the number of scenarios used, dimensions of moral intensity studied and how the construct of moral intensity was operationalised. The experimental design adopted for purposes of the present study made it possible to overcome most of the concerns raised by McMahon and Harvey (2006). It controlled for the nuisance effects of those dimensions of moral intensity that did not form part of the study. By focusing only on magnitude of consequences, the study was able to operationalise the construct such that it was meaningful for different stakeholder roles. By optimising the internal validity of the findings, this

research was able to make conclusions with confidence regarding the hypotheses that were tested.

6.4 PRACTICAL IMPLICATIONS

This research answered the call by Parmar et al. (2010) to make business ethics more useful and relevant to decision makers in the business context. It did this by developing a better understanding of the individual decision-making process as advocated by Vitell and Paolillo (2004) and required in situations involving ethics and social responsibility in order to enhance ethical and socially responsible business practices effectively (Vitell & Patwardhan, 2008).

Managers' actions, after engaging in discretionary decision-making behaviour, can result in consequences never envisioned by them because ethical issues are ever present in uncertain conditions where multiple stakeholders, values and interests are in conflict. It is therefore incumbent on responsible managers to be mindful of their own fallibilities and the factors that may inadvertently influence their decision-making, especially in the context of moral ambiguity.

6.4.1 MOTIVATION TO USE ETHICAL TESTS

Understanding the influence that reward consequences can have on ethical attitude is important for managers who are facing ethical dilemmas

themselves. Awareness of their own vulnerability in the face of reward consequences should encourage managers to apply ethical tests to their own decision-making process.

The first test that would benefit managers is the test of ventilation (Buchholtz & Carroll, 2012). Managers should approach a peer or other stakeholder who would not similarly benefit from an action and assess whether the view of such stakeholder is consequentially different to their own. If it is, then there is a need to obtain a more objective insight in the merits of each party's reasoning.

The second test that could be applied is the test of the purified idea. The test, based on the *veil of ignorance* thought experiment espoused by Rawls (1971), is used to determine whether or not a manager's attitude is primarily situational in nature or whether, in the absence of the reward consequences, the manager would maintain the same attitude. Again, if there is a difference in attitude, the manager would be advised to reflect further on the quality of his or her reasoning. It is thus important that managers recognise the importance of consistency in their moral reasoning and decision-making processes and be aware that reward consequences may have a meaningful impact on their ability to remain consistent.

The research also addresses the dynamics of the relationship between strategy and business ethics as suggested by Parmer et al. (2010). A

strategic ploy is more likely to be viewed as ethically acceptable if it delivers positive consequences. On the other hand, if an ethically ambiguous manoeuvre results in negative outcomes, it is more likely to be thought of as unethical. The adage “all is fair in love and war”, appears to be valid only as long as you win the war. Any party that finds itself on the losing side may be inclined to think differently. It is thus incumbent on managers to ensure that should any of their key stakeholders find themselves on the losing side, they would not have grounds for crying foul.

6.4.2 UNINTENDED CONSEQUENCES

Companies set policies and procedures regarding the management of stakeholders, including employees and managers, to both motivate and control their behaviour. These policies, however, also drive new behaviours, both desired and undesired. The development of deeper knowledge regarding the powerful impact that reward contingencies can have on attitudes toward the ethicality of morally ambiguous actions may contribute to ameliorating unintended consequences of such policies, which have reward consequences, whether positive or negative.

6.4.3 DEALING WITH STAKEHOLDERS

Irrespective of personal moral philosophy, when faced with reward consequences there is a tendency for business stakeholders' attitude toward the ethicality of a morally ambiguous action to be related to the

reward consequences that are attributed to the action. An understanding of how attitudes are influenced in situations of moral ambiguity will assist managers to understand the dynamics of their stakeholder responses to a morally ambiguous strategic action. This would be in line with the growing recognition of the essentially managerial nature of stakeholder theory and management (Lapume et al., 2008; Freeman, 1984).

Managers must understand competitive behaviour if they want to manage their stakeholder relations effectively. Understanding that perceived reward consequences are likely to influence all business stakeholders in the same way is thus important.

6.5 RESEARCH LIMITATIONS

Naturally this research contains limitations that must be addressed. The use of an experimental research design has many benefits, however, there will always be questions regarding the external or ecological validity of the findings and it behoves the researcher to address these and other valid concerns.

6.5.1 THE USE OF A STRATEGY SIMULATION EXERCISE

The use of a strategy simulation exercise instead of collecting field data from the actual business environment does raise concerns regarding the impact of the different dynamics that exist in a simulation as opposed to a

real-world setting. These dynamics involve, *inter alia*, the knowledge that the rewards are fictional, and their impacts apply only in the context of the simulation, not in the real world. On the other hand, the desire to “win” in the simulation may have enhanced the overall sensitivity to the reward consequences, compared to how actual business stakeholders may react in the real world.

6.5.2 THE USE OF STAKEHOLDER ROLE PLAYERS

It is acknowledged that the experimental use of stakeholder role-players, rather than actual stakeholders in a field setting may limit the generalisability of the findings to real-world business settings. This may be viewed as a limitation on the ecological validity of the research findings. This limitation is, however, at least partly mitigated by the design of the experiment and use of the Execugame business simulation, in which every effort was made to strengthen identification of role-players with their respective stakeholder roles. It could be argued that the relationship between reward consequences and attitudes toward the ethicality of a morally ambiguous competitive action would be stronger in the case of actual business stakeholders than of stakeholder role players. Thus the findings pertaining to stakeholder role-players in this study could understate findings that might obtain in the real world, where individuals are not merely playing a role, but living it.

The experiment was restricted to business stakeholder role-playing. Research suggests that individuals from non-commercial backgrounds are more ethical than those with a business education (McCabe, Dukerich & Dutton, 1991; McCabe & Trevino, 1993). The interests and attitudes of non-business stakeholders may be constituted such that they are less influenced by reward consequences than those of business stakeholders.

6.5.3 STRICT RANDOMNESS NOT USED

The method used to assign the participants randomly, e.g., participants blindly pulling name tags out of a bag, does not meet the requirements of strict random assignment as not every Stakeholder Role (SR) had an equal probability of being picked by every participant. This was not considered a severe limitation in the context of the study.

6.5.4 THE EFFECTS OF ORGANISATIONAL CULTURE NOT CONTROLLED

To the extent that companies competing in the Execugame business simulation used in this study may have developed differential organisation cultures, over the four days of the game, which may have influenced ethical decision making, it must be acknowledged that such effects were not specifically controlled. Given the overall design of the experiment, however, and the limited duration of the game, it is considered unlikely that

organisational culture effects would have exerted any appreciable influence on the results.

6.5.5 USE OF A PREVIOUSLY UNTESTED SCALE AND EPQ RELIABILITY

It should be noted that the specially designed Attitude towards the Ethicality of Competitor Bluffing (ATECB) scale used as the dependent variable measure in the experiment was not psychometrically checked in advance of the main study, using a separate validation sample. However, the scale items were based on the established format used in the ATBEQ questionnaire and the new scale successfully met all expected psychometric requirements for use in the main study.

The modest reliability coefficient ($\alpha = .635$) for Relativism in the EPQ instrument should also be noted and item refinement to improve the reliability of the instrument should be considered if the EPQ is to be used in future research.

6.5.6 PROBLEMS ENCOUNTERED WITH THE DIT-2

The failure to be able to analyse the data collected from the DIT-2 instrument is an important limitation since the effect of an individual's level of cognitive moral development on their attitude towards a morally

ambiguous action could not be determined. Whilst this limitation is mitigated by arguments that attitude is more closely associated with intuition than with rational cognition and that level of CMD reflects cognitive ability and not moral propensity, the likelihood remains that CMD may have a moderating effect on the relationship between reward consequences and attitude. This remains open to further research.

6.6 RESEARCH DIRECTIONS

The study was limited to only one of the six dimensions of Jones' (1991) construct of Moral Intensity. Research could be done to test the strength and influence of the other dimensions, both individually while holding the others constant as well as jointly and severally.

The influence of cognitive moral reasoning on the relation between reward consequences and attitudes towards the ethicality of morally ambiguous acts could also be investigated. Research should be conducted to test whether or not level of cognitive moral development moderates the relationship between reward consequences and attitude toward the ethicality of a morally ambiguous action. The determination of how reward consequences influence ethical intent and action should also be made to better understand the relationship between ethical attitude and ethical intent and ethical behaviour.

The interesting finding that the demographic dummy variable of home language, used as a proxy for ethnicity and which contrasted those with African home languages against those with other home languages, explained 11.9% of the ATECB variance requires further analysis. As no significant difference was found between the group with an African Home Language and those with other home languages, in terms of the variables of gender, age or years of management experience, the latter variables cannot explain the predictive power of the home language dummy variable. A significant difference was found, however, between the African home language group, comprising 42% of the study group and the others regarding the mean Idealism (IDEAL) score, with the African home language group (mean IDEAL score = 3.79) scoring significantly higher than the non-African home language group (mean IDEAL score = 3.47) ($p = .007$). The impact of ethnic culture on attitude and decision-making in morally ambiguous situations should thus be investigated further.

The research that was conducted did not take the influence of organisational culture into account. Future designs could consider this factor more closely and investigate its impact in comparison with issue-related factors and individual factors.

The research that was conducted in this study could also be extended to non-business stakeholders to determine the extent to which reward consequences also affect their attitude toward morally ambiguous actions.

The influence of non-financial rewards on an individual's attitude could also be investigated. Further research into other factors that may limit the predictability of personal moral philosophies would provide more clarity of the fallibility of our human condition.

7 CONCLUSION

Issue-related factors may be more important than previously recognised in the literature, particularly under conditions of moral ambiguity and moral intensity. Whereas scholars such as Donelson Forsyth give emphasis to personal factors derived from normative theory, the current empirical research calls this into question. Under conditions of moral ambiguity and moral intensity, situational and issue-related factors may weigh more heavily in the formation of ethical attitudes in the process of ethical decision-making.

The findings of this study provide strong evidence to support the argument that personal moral philosophy plays a less significant role in determining ethical attitude than the situational factor of reward consequences. The findings were consistent and held across all different stakeholder roles in the setup that was used. Personal moral philosophy does, however, still play some role in the ethical decision-making process. An individual's philosophy regarding the degree to which they accept or reject universal moral rules was found to moderate the relationship between reward consequences and attitude towards the ethicality of a morally ambiguous action.

Future research in this area would shed additional light on the relative influence of personal versus situational and issue-related factors on

business stakeholders' ability to make sound ethical decisions. In the meantime, we are reminded, yet again, of Machiavelli's injunction that in the absence of (situational or issue-related) necessity to do good, our human proclivity may lead us to confusion (about right and wrong) and consequent disorder (in society).

REFERENCES

- Ackoff, R. L. (1983). An interactive view of rationality. *Journal of the Operational Research Society*, 34(8), 719-722. Retrieved from <http://www.jstor.org/stable/2581705>
- Aiken, L. S., & West, S. G. (1991). *Multiple regression: testing and interpreting interactions*. Newbury Park: Sage.
- Ajzen, I. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50(2), 179-211. doi: 10.1016/0749-5978(91)90020-T
- Ajzen, I., & Fishbein, M. (1980). *Understanding attitudes and predicting social behavior*. Englewood Cliffs, New York: Prentice-Hall.
- Alam, K. F. (1999). Business ethics in New Zealand organisations: Views from the middle and lower level managers. *Journal of Business Ethics*, 22(2), 145-153. doi: 10.1023/A:1006127723070
- Alam, M. S. (1995). A theory of limits on corruption and some applications. *Kyklos*, 48(3), 419-435. doi: 10.1111/j.1467-6435.1995.tb02323.x
- Albinger, H. S., & Freeman, S. J. (2000). Corporate social performance and attractiveness as an employer to different job seeking populations. *Journal of Business Ethics*, 28(3), 243-253.
- Allhoff, F. (2003). Business bluffing reconsidered. *Journal of Business Ethics*, 45(4), 283-289. doi: 10.1023/A:1024103612716
- Amalric, F., & Hauser, J. (2005). Economic drivers of corporate responsibility activities. *Journal of Corporate Citizenship*, (20), 27-38.

- Aqueveque, C. (2005). Marketing and market development. Signalling corporate values: Consumers' suspicious minds. *Corporate Governance*, 5(3), 70-81.
- Armitage, C. J., & Conner, M. (2001). Efficacy of the theory of planned behaviour: A meta-analytic review. *British Journal of Social Psychology*, 40(4), 471-499. doi: 10.1348/014466601164939
- Arbuckle, J. L. (2011). IBM SPSS Amos 20 user's guide. Amos Development Corporation, SPSS Inc.
- Babbie, E. R., & Mouton, J. (2007). *The practice of social research* (South African Edition Ed.). Cape Town: Oxford University Press.
- Bageac, D., Furrer, O., & Reynaud, E. (2011). Management students' attitudes toward business ethics: A comparison between France and Romania. *Journal of Business Ethics*, 98(3), 391-406. doi: 10.1007/s10551-010-0555-5
- Barnett, T., Bass, K., & Brown, G. (1994). Ethical ideology and ethical judgment regarding ethical issues in business. *Journal of Business Ethics*, 13(6), 469-480.
- Barnett, T., Bass, K., Brown, G., & Hebert, F. J. (1998). Ethical ideology and the ethical judgments of marketing professionals. *Journal of Business Ethics*, 17(7), 715-723.
- Barrett, P. (2007). Structural equation modelling: Adjudging model fit. *Personality and Individual Differences*, 42(5), 815-824.
- Bayus, B. L., Jain, S., & Rao, A. G. (2001). Truth or consequences: An analysis of vaporware and new product announcements. *Journal of*

- Marketing Research*, 38(1), 3-13. Retrieved from <http://www.jstor.org/stable/1558567>
- Beach, J. (1985). Bluffing: Its demise as a subject unto itself. *Journal of Business Ethics*, 4(3), 191-196.
- Beams, J. D., Brown, R. M., & Killough, L. N. (2003). An experiment testing the determinants of non-compliance with insider trading laws. *Journal of Business Ethics*, 45(4), 309-323.
- Beck, L., & Ajzen, I. (1991). Predicting dishonest actions using the theory of planned behavior. *Journal of Research in Personality*, 25(3), 285-301.
doi: 10.1016/0092-6566(91)90021-H
- Bem, D.J. (1970). *Beliefs, attitudes and human affairs*. Belmont, CA:Brooks/Cole.
- Blodgett, H. (2012). Busted: Walmart caught in huge bribery scandal - senior management knew about it and tried to cover it up. Retrieved from http://articles.businessinsider.com/2012-0422/news/31381324_1_investigation-foreign-corrupt-practices-act-bribes
- Blodgett, T. B. (1968). Showdown on business bluffing. *Harvard Business Review*, 46.3 (May-June 1968), 162-170.
- Boyle, B. A. (2000). The impact of customer characteristics and moral philosophies on ethical judgments of salespeople. *Journal of Business Ethics*, 23(1), 249-267.
- Brandenburger, A., & Nalebuff, B. (1996). *Co-opetition*. New York: Doubleday.

- Brown, G., Hyman, M. R., Lyndon, E. Dawson., Jr., & Tansey, R. (1994). Personal moral philosophies and the moral judgments of salespeople. *The Journal of Personal Selling and Sales Management*, 14(1), 59-75. Retrieved from <http://www.jstor.org/stable/40471518>
- Buchholtz, A. K., & Carroll, A. B. (2012). *Business & society: Ethics & stakeholder management*. Australia: South-Western Cengage Learning.
- Butterfield, K. D., Trevino, L. K., & Weaver, G. R. (2000). Moral awareness in business organizations: Influences of issue-related and social context factors. *Human Relations*, 53(7), 981-1018. doi: 10.1177/0018726700537004
- Carr, A. Z. (1968). Is business bluffing ethical? *Harvard Business Review*, 46(1), 143-153. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=3866626&site=ehost-live&scope=site>
- Carson, T. (1993). Second thoughts about bluffing. *Business Ethics Quarterly*, 3(4), 317-341.
- Chen, M. F., Pan, C. T., & Pan, M. C. (2009). The joint moderating impact of moral intensity and moral judgment on consumer's use intention of pirated software. *Journal of Business Ethics*, 90(3), 361-373.
- Chua, R. Y. J., & Zou, X. (2009). *The devil wears Prada? Effects of exposure to luxury goods on cognition and decision making*. Unpublished manuscript. Retrieved March 17, 2012, from <http://thoughtsinflight.typepad.com/files/the-devil-wears-prada.pdf>

- Cohen, J. W. (1988). *Statistical power analysis for the behavioural sciences* (2nd ed.). Hillsdale, NJ: Lawrence Erlbaum Associates
- Companies Act, No. 71. Cape Town (2008).
- Crane, A., & Matten, D. (2010). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford: Oxford University Press.
- Crowne, D. P., & Marlowe, D. (1960). A new scale of social desirability independent of psychopathology. *Journal of Consulting Psychology*, 24, 349-354.
- Davis, M. A., Andersen, M. G., & Curtis, M. B. (2001). Measuring ethical ideology in business ethics: A critical analysis of the ethics position questionnaire. *Journal of Business Ethics*, 32(1, Special Issue on Marketing Ethics), 35-53. Retrieved from <http://www.jstor.org/stable/25074552>
- Diller, J. (1999). A social conscience in the global marketplace? Labour dimensions of codes of conduct, social labelling and investor initiatives. *International Labour Review*, 138(2), 99-129. doi: 10.1111/j.1564-913X.1999.tb00062.x
- Donaldson, T., & Preston, L. E. (1995). The stakeholder theory of the corporation: Concepts, evidence, and implications. *The Academy of Management Review*, 20(1), 65-91. Retrieved from <http://0-www.jstor.org.innopac.up.ac.za/stable/258887>

- Dubinsky, A. J. (1989). Analyzing ethical decision making in marketing. *Journal of Business Research*, 19(2), 83-107. doi: 10.1016/0148-2963(89)90001-5
- Dubinsky, A. J., & Loken, B. (1989). Analysing ethical decision making in marketing. *Journal of Business Research*, 19(2), 83-107.
- Dubinsky, A. J., Natarajan, R., & Huang, W. (2004). The influence of moral philosophy on retail salespeople's ethical perceptions. *The Journal of Consumer Affairs*, 38(2), 297-319. doi: 10.1111/j.1745-6606.2004.tb00870.x
- Eagly, A. H., & Chaiken, S. (1993). *The psychology of attitudes*. Fort Worth, TX: Harcourt Brace Jovanovich.
- Elm, D. R., & Radin, T. J. (2012) Ethical decision making: special or no different. *Journal of Business Ethics*. 107, 313-329. doi: 10.1007/s10551-011-1041-4
- Fernando, M., Dharmage, S., & Almeida, S. (2008). Ethical ideologies of senior Australian managers: An empirical study. *Journal of Business Ethics*, 82(1), p. 145-155. Retrieved from <http://www.jstor.org/stable/25482279>
- Ferrell, O. C., & Gresham, L. G. (1985). A contingency framework for understanding ethical decision making in marketing. *The Journal of Marketing*, 49(3), 87-96.
- Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention, and behavior : An introduction to theory and research*. Addison: Wesley Pub. Co.

- Ford, R. C., & Richardson, W. D. (1994). Ethical decision making: A review of the empirical literature. *Journal of Business Ethics*, 13(3), 205-221.
- Forsyth, D. R. (1980). A taxonomy of ethical ideologies. *Journal of Personality and Social Psychology*, 39(1), 175-184.
- Forsyth, D. R. (1981). Moral judgment: The influence of ethical ideology. *Personality and Social Psychology Bulletin*, 7(2), 218-223. Retrieved from <https://facultystaff.richmond.edu/~dforsyth/pubs/forsyth1981.pdf>
- Forsyth, D. R. (1992). Judging the morality of business practices: The influence of personal moral philosophies. *Journal of Business Ethics*, 11(5,6), 461.
- Forsyth, D. R., O'Boyle, E. H., & McDaniel, M. A. (2008). East meets west: A meta-analytic investigation of cultural variations in idealism and relativism. *Journal of Business Ethics*, 83(4), 813-833. doi: 10.1007/s10551-008-9667-6
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Boston: Pitman.
- Freeman, R. E. (2000). Some thoughts on the development of stakeholder theory. In Phillips, R. A. (Ed.), *Stakeholder theory impact and prospects* (p. 212-233). Northampton, MA: Edward Elgar Publishing
- Freeman, R. E, Harrison, J., & Wicks, A. (2007). *Managing for stakeholders: Business in the 21st century*.
- Frey, B. F. (2000). The impact of moral intensity on decision making in a business context. *Journal of Business Ethics*, 26(3), 181-195.

- Glass, G.V., & Stanley, J.C. (1970). *Statistical methods in education and psychology*. Englewood Cliffs, NJ: Prentice-Hall.
- Goolsby, J. R., & Hunt, S. D. (1992). Cognitive moral development and marketing. *Journal of Marketing*, 56(1), 55-68.
- Guidice, R. M., Alder, G., & Phelan, S. E. (2009). Competitive bluffing: An examination of a common practice and its relationship with performance. *Journal of Business Ethics*, 87(4), 535-553. doi: 10.1007/s10551-008-9957-z
- Haidt, J. (2001). The emotional dog and its rational tail: A social intuitionist approach to moral judgment. *Psychological Review*, 108(4), 814-834.
- Hair, J. F., Black, W., Babin, B., Anderson, R., & Tatham, R. (2010). *Multivariate data analysis* (7th ed.). Upper Saddle River, NJ.: Pearson Prentice Hall.
- Hammond, P. J. (1988). Consequentialist foundations for expected utility. *Theory and Decision*, 25(1), 25-78. doi: 10.1007/BF00129168
- Harrington, S. J. (1997). A test of a person - issue contingent model of ethical decision making in organizations. *Journal of Business Ethics*, 16(4), 363-375.
- Harrison, J. S., Bosse, D. A., & Phillips, R. A. (2010). Managing for stakeholders, stakeholder utility functions, and competitive advantage. *Strategic Management Journal*, 31(1), 58-74. doi: 10.1002/smj.801
- Hasnas, J. (1998). The normative theories of business ethics: A guide for the perplexed. *Business Ethics Quarterly*, 8(1), 19-42. Retrieved from <http://www.jstor.org/stable/3857520>

- Heil, O. P., & Langvardt, A. W. (1994). The interface between competitive market signaling and antitrust law. *The Journal of Marketing*, 58(3), 81-96. Retrieved from <http://0-www.jstor.org.innopac.up.ac.za/stable/1252312>
- Henle, C., Giacalone, R., & Jurkiewicz, C. (2005). The role of ethical ideology in workplace deviance. *Journal of Business Ethics*, 56(3), 219-230.
- Higgins, A., Power, C., & Kohlberg, L. (1984). The relationship of moral atmosphere to judgments of responsibility. In W. M. Kurtines & J. L. Gewirtz (Eds.), *Morality, moral behavior, and moral development* (p. 74-106). New York: Wiley.
- Holland, T. (2002). Ethics pay in the long run. *Far Eastern Economic Review*, 165(15), 49-51.
- Hunt, S. D., & Vitell, S. (1986). A general theory of marketing ethics. *Journal of Macromarketing*, 6(1), 5-16. doi: 10.1177/027614678600600103
- Hunt, S. D., Wood, V. R., & Chonko, L. B. (1989). Corporate ethical values and organizational commitment in marketing. *Journal of Marketing*, 53(3), 79-90. Retrieved from <http://0-www.jstor.org.innopac.up.ac.za/stable/1251344>
- Huysamen, G. K. (1994). *Methodology for the social and behavioural sciences*. Cape Town: Oxford University Press Southern Africa.

- Institute of Directors (South Africa). (2010). *King report on governance for South Africa 2009 ; King code of governance principles for South Africa 2009*.
- Jehn, K. A., & Scott, E. D. (2003). Multiple stakeholder judgments of employee behaviors: A contingent prototype model of dishonesty. *Journal of Business Ethics, 46*(3), 235-250.
- Jennings, M. (2012). *Business ethics: Case studies and selected readings*. Australia: South-Western Cengage Learning.
- Jensen, M.C., & Meckling, W.H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure. *Journal of Financial Economics, 3*(4), 305-360.
- Jones, G. E., & Kavanagh, M. J. (1996). An experimental examination of the effects of individual and situational factors on unethical behavioral intentions in the workplace. *Journal of Business Ethics, 15*(5), 511-523.
- Jones, T. M. (1991). Ethical decision making by individuals in organizations: An issue-contingent model. *Academy of Management Review, 16*(2), 366-395.
- Jones, T. M., & Ryan, L. V. (1997). The link between ethical judgment and action in organizations: A moral approbation approach. *Organization Science, 8*(6), 663-680. Retrieved from <http://www.jstor.org/stable/2635162>

- Jones, T.M., & Ryan, L. V. (1998). The effect of organisational forces on individual morality: judgment, moral approbation, and behaviour. *Business Ethics Quarterly*, 8(3), 431-445.
- Karande, K., Rao, C. P., & Singhapakdi, A. (2002). Moral philosophies of marketing managers: A comparison of American, Australian, and Malaysian Cultures. *European Journal of Marketing*, 36(7/8), 768–791.
- Kennett, J. & Fine, C. (2009) Will the real moral Judgment stand up? The implications of social intuitionst models of cognition for meta-ethics and moral psychology. *Ethical Theory and Moral Practice*,12, 77-96. doi: 10.1007/s10677-008-9136-4
- Kish-Gephart, J. J., Harrison, D. A., & Treviño, L. K. (2010). Bad apples, bad cases, and bad barrels: Meta-analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, 95(1), 1-31. doi: 10.1037/a0017103
- Koehn, D. (1997). Business and game-playing: The false analogy. *Journal of Business Ethics*, 16(12/13), 1447-1452.
- Kohlberg, L. (1973). The claim to moral adequacy of a highest stage of moral judgment. *The Journal of Philosophy*, 70(18, Seventieth Annual Meeting of the American Philosophical Association Eastern Division), 630-646. Retrieved from <http://www.jstor.org/stable/2025030>
- Kohlberg, L. (1969). *Stage and sequence: The cognitive-developmental approach to socialization*. Chicago: Rand McNally.

- Langinier, C. (2005). Using patents to mislead rivals. *Canadian Journal of Economics*, 38(2), 520-545. doi: 10.1111/j.0008-4085.2005.00291.x
- Lewicki, R. J., & Robinson, R. J. (1998). Ethical and unethical bargaining tactics: An empirical study. *Journal of Business Ethics*, 17(6), 665-682.
- Loe, T. W., Ferrell, L., & Mansfield, P. (2000). A review of empirical studies assessing ethical decision making in business. *Journal of Business Ethics*, 25(3), 185-204. doi: 10.1023/A:1006083612239
- MacDonald, B. (2007). *Execugame player's manual*. Cape Town
- Marques, P. A. & Azevedo-Pereira, J. (2009). Ethical ideology and ethical judgments in the Portuguese accounting profession. *Journal of Business Ethics*, 86, 227-242. doi: 10.1007/s10551-008-9845-6
- Matthews, C. (2012). LIBOR Scandal: The crime of the century? Retrieved from <http://business.time.com/2012/07/09/libor-scandal-the-crime-of-the-century/>
- May, D. R., & Pauli, K. P. (2002). The role of moral intensity in ethical decision making. *Business and Society*, 41(1), 84-117.
- McCabe, D. L., Dukerich, J. M., & Dutton, J. E. (1991). Context, values and moral dilemmas: comparing the choices of business and law students. *Journal of Business Ethics*, 10(2), 951-960.
- McCabe, D. L., & Trevino, L. K. (1993). Academic dishonesty: honor codes and other situational influences. *Journal of Higher Education*, 64: 522-38.

- McMahon, J. M., & Harvey, R. J. (2006). An analysis of the factor structure of Jones' moral intensity construct. *Journal of Business Ethics, 64*(4), 381-404. doi: 10.1007/s10551-006-0006-5
- Milewicz, J., & Herbig, P. (1997). A quantitative analysis of the relative efficiency between overt and covert market signals. *Journal of Marketing Theory and Practice, 5*(4), 45-57.
- Moore, R. S., & Radloff, S. E. (1996). Attitudes towards business ethics held by South African students. *Journal of Business Ethics, 15*(8), 863-869. doi: 10.1007/BF00381854
- Morris, S. A., & McDonald, R. A. (1995). The role of moral intensity in moral judgments: An empirical investigation. *Journal of Business Ethics, 14*(9), 715-726.
- O'Fallon, M. J., & Butterfield, K. D. (2005). A review of the empirical ethical decision-making literature: 1996-2003. *Journal of Business Ethics, 59*(4), 375-413. doi: 10.1007/s10551-005-2929-7
- Olkin, J., & Siotani, M. (1964). Asymptotic distribution functions of a correlation matrix. Stanford, CA: Stanford University Laboratory for Quantitative Research in Education, Report No. 6.
- Pallant, J. (2010). *SPSS Survival manual a step by step guide to data analysis using SPSS*. 4th Ed. Maidenhead: McGraw Hill.
- Parmar, B. L., Freeman, R. E., Harrison, J. S., Wicks, A. C., Purnell, L., & de Colle, S. (2010). Stakeholder theory: The state of the art. *The Academy of Management Annals, 4*(1), 403-445. doi: 10.1080/19416520.2010.495581

- Peter, E., & Liaschenko, J. (2004). Perils of proximity: a spatiotemporal analysis of moral distress and moral ambiguity. *Nursing Inquiry*, 11(4) 218-225.
- Phillips, R., Freeman, R. E., & Wicks, A. C. (2003). What stakeholder theory is not. *Business Ethics Quarterly*, 13(4), 479-502. Retrieved from <http://www.jstor.org/stable/3857968>
- Porter, M. E. (1980). *Competitive strategy : Techniques for analyzing industries and competitors*. New York: Free Press.
- Preble, J. F., & Reichel, A. (1988). Attitudes towards business ethics of future managers in the US and Israel. *Journal of Business Ethics*, 7(12), 941-949.
- Price, G., & van der Walt, A. J. (2012). Changes in attitudes towards business ethics held by former South African business management students. *Journal of Business Ethics*, 1-12. doi: 10.1007/s10551-012-1314-6
- Rawls, J. (1971) *A theory of justice*. Cambridge, Massachusetts: Belknap Press.
- Redfern, K., & Crawford, J. (2004). An empirical investigation of the ethics position questionnaire in the People's Republic of China. *Journal of Business Ethics*, 50(3), 199-210. doi: 10.1023/B:BUSI.0000024741.85399.0d
- Reidenbach, R. E., & Robin, D. P. (1990). Toward the development of a multidimensional scale for improving evaluations of business ethics. *Journal of Business Ethics*, 9(8), 639-653.

- Reidenbach, R. E., & Robin, D. P. (1988). Some initial steps toward improving the measurement of ethical evaluations of marketing activities. *Journal of Business Ethics*, 7(11), 871.
- Rest, J. R. (1986). *Moral development: Advances in research and theory*. New York: Praeger.
- Rest, J. R. (1990). *DIT manual: Manual for the defining issues test* (3rd ed.). Minneapolis: Center for the Study of Ethical Development, University of Minnesota.
- Rest, J., Narvaez, D., Thoma, S., & Bebeau, M. (1999). DIT2: Devising and testing a revised instrument of moral judgment. *Journal of Educational Psychology*, 91(4), 644–659.
- Riegelman, R. (1979). Contributory cause: unnecessary and insufficient. *Postgraduate Medicine*, 66,177–179.
- Robertson, C. J. (2008). An analysis of 10 years of business ethics research in Strategic Management Journal: 1996-2005. *Journal of Business Ethics*, 80(4), 745-753. doi: 10.1007/s10551-007-9466-5
- Ross, W. T. J., & Robertson, D. C. (2000). Lying: The impact of decision context. *Business Ethics Quarterly*, 10(2), 409-440.
- Schlenker, B. R., & Forsyth, D. R. (1977). On the ethics of psychological research. *Journal of Experimental Social Psychology*, 13(4), 369-396. doi: 10.1016/0022-1031(77)90006-3
- Schwarz, N. & Bohner, G. (2001). The construction of attitudes. In A. Tesser & N. Schwarz (Eds.), *Intrapersonal Processes* (pp. 436-457). Oxford, UK: Blackwell.

- Schweitzer, M. E., De Church, L. A., & Gibson, D. E. (2005). Conflict frames and the use of deception: Are competitive negotiators less ethical? *Journal of Applied Social Psychology, 35*(10), 2123-2149. doi: 10.1111/j.1559-1816.2005.tb02212.x
- Shafer, W. E., Morris, R. E. & Ketchand, A. A. (2001). Effects of personal values on auditors' ethical decision making. *Accounting, Auditing & Accountability Journal, 14*(3), 254-277.
- Sharp, F. C. (1898). An objective study of some moral judgments. *American Journal of Psychology, 9*, 198-234.
- Shen, C., & Chang, Y. (2009). Ambition versus conscience, does corporate social responsibility pay off? The application of matching methods. *Journal of Business Ethics, 88*, 133-153. doi: 10.1007/s10551-008-9826-9
- Sims, R. L., & Gegez, A. E. (2004). Attitudes towards business ethics: A five nation comparative study. *Journal of Business Ethics, 50*(3), 253-265. doi: 10.1023/B:BUSI.0000024708.07201.2d
- Singer, A. E. (1994). Strategy as moral philosophy. *Strategic Management Journal, 15*(3), 191-214.
- Singer, M. S., & Singer, A. E. (1997). Observer judgements about moral agents' ethical decisions: The role of scope of justice and moral intensity. *Journal of Business Ethics, 16*(5), 473-484.
- Singhapakdi, A., Vitell, S. J., & Franke, G. R. (1999). Antecedents, consequences, and mediating effects of perceived moral intensity and

- personal moral philosophies. *Journal of the Academy of Marketing Science*, 27(1), 19-36.
- Singhapakdi, A., Vitell, S. J., & Kraft, K. L. (1996). Moral intensity and ethical decision-making of marketing professionals. *Journal of Business Research*, 36(3), 245-255. doi: 10.1016/0148-2963(95)00155-7
- Sivadas, E., Kleiser, S. B., Kellaris, J., & Dahlstrom, R. (2003). Moral philosophy, ethical evaluations, and sales manager hiring intentions. *Journal of Personal Selling & Sales Management*, 23(1), 7-21.
- Stevens, E. (1979). *Business ethics*. New York: Paulist Press.
- Sunstein, C.R. (1996). Social Norms and Social Roles. *Columbia Law Review*, 96 (4), 903-968.
- Tang, T. L., Chen, Y., & Sutarso, T. (2008). Bad apples in bad (business) barrels: The love of money, Machiavellianism, risk tolerance, and unethical behavior. *Management Decision*, 46(2), 243-263. doi: 10.1108/00251740810854140
- Tansey, R., Brown, G., Hyman, M. R., & Dawson, L. E. (1994). Personal moral philosophies and the moral judgments of salespeople. *Journal of Personal Selling & Sales Management*, 14(1), 59-75.
- Taylor, P. W. (1975). *Principles of ethics: An introduction* (2nd Ed.). California: Dickenson Publications.
- Trevino, L. K. (1986). Ethical decision making in organizations: A person-situation interactionist model. *The Academy of Management Review*, 11(3), 601-617. Retrieved from <http://www.jstor.org/stable/258313>

- Trevino, L. K., & Youngblood, S. A. (1990). Bad apples in bad barrels: a causal analysis of ethical decision making behaviour. *Journal of Applied Psychology*, 75(4), 378-385.
- van der Walt, A. J. (2010). *Changes in attitudes towards business ethics held by past South African business management students*. (MBA, University of Pretoria), p. 1-76. (unrestricted) Retrieved from <http://upetd.up.ac.za/thesis/available/etd-07232011-124552/>. (etd-07232011-124552).
- van Zyl, A. (2010). *More questions surface on Sharemax*. Retrieved 26/08/2010, 2010, from <http://www.fin24.com/Companies/More-questions-surface-on-sharemax-20100801>
- Varelius, J. (2006). Allhoff on business bluffing. *Journal of Business Ethics*, 65(2), 163-171. doi: 10.1007/s10551-005-4665-4
- Velasquez, M. G., & Rostankowski, C. (1985). *Ethics, theory and practice*. New York: Prentice-Hall.
- Vitell, S. J., & Paolillo, J. G. P. (2004). A cross-cultural study of the antecedents of the perceived role of ethics and social responsibility. *Business Ethics: A European Review*, 13(2-3), 185-199. doi: 10.1111/j.1467-8608.2004.00362.x
- Vitell, S. J., & Patwardhan, A. (2008). The role of moral intensity and moral philosophy in ethical decision making: A cross-cultural comparison of China and the European Union. *Business Ethics: A European Review*, 17(2), 196-209. doi: 10.1111/j.1467-8608.2008.00531.x

- Weber, J. (1990). Managers' moral reasoning: Assessing their responses to three moral dilemmas. *Human Relations*, 43(7), 687-702. doi: 10.1177/001872679004300705
- Weiss, J. W. (2009). *Business ethics: A stakeholders and issues management approach*. Australia: South-Western Cengage Learning.
- Werhane, P. H. (1998). Moral imagination and the search for ethical decision-making in management. *The Ruffin Series of the Society for Business Ethics, [Special edition] 1*, 75-98.
- Whitcomb, L., Erdener, C., & Li, C. (1998). Business ethical values in China and the U.S. *Journal of Business Ethics*, 17(8), 839-852.
- Wood, R., & Bandura, A. (1989). Social cognitive theory of organizational management. *Academy of Management Review*, 14(3), 361-384.

APPENDICES

Appendix A: The Player's Manual for Execugame

EXECUGAME

PLAYER'S MANUAL

TABLE OF CONTENTS

1. **Introduction**
2. **The EXECUGAME exercise**
3. **Key Variables in the business environment**
 - 3.1. The market
 - 3.2. The products
 - 3.3. The consumer
4. **Decisions**
 - 4.1. Marketing decisions
 - 4.1.1 Selling prices
 - 4.1.2 Advertising
 - 4.1.3 Research and Development
 - 4.1.4 Sales people
 - 4.2. Production decisions
 - 4.2.1 Plant capacity
 - 4.2.2 Workforce
 - 4.2.3 Quality control
 - 4.2.4 Production requests
 - 4.3. Financial decisions
 - 4.3.1 Raising funds
 - 4.3.2 Investing funds
 - 4.3.3 Dividend payments
 - 4.4. Competitive market report
5. **Evaluation of team performance**
6. Management reports
 - 6.1. Variables
 - 6.2. Results
 - 6.3. Income Statement
 - 6.4. Balance Sheet
 - 6.5. Cash Flow
 - 6.6. Factory Status
 - 6.7. Indicators

APPENDIX 1 Sample Input forms and historical data

1. INTRODUCTION

Execugame is an exercise in management decision making. A computer spreadsheet model simulates a business environment in which several companies compete with each other in the production and marketing of two products.

As a participant in the exercise, you are the top management team of your firm, which makes decisions for a succession of three-month periods.

Records are available for eight quarters of history, and the exercise begins with teams preparing decisions for Quarter 9. Thereafter, teams make four quarterly decisions during each year of simulated operations. Initially, all teams are on an equal footing, since the data for Quarters 1 to 8 are identical for each team. The results of the simulation depend entirely on the quality of the decisions of individual firms and how the firms interact with each other.

EXECUGAME participants can:

- gain an improved understanding of the management functions of marketing, production, finance, labour relations and planning, and the way in which they must be integrated;
- gain insight into the influence of the external environment, and especially competitive behaviour; and
- have an opportunity to understand the process of group decision making and ways to foster team spirit.

2. THE EXECUGAME EXERCISE

Before making your first decision, there are several things that you should do:

- Familiarise yourself with the contents of this manual, in particular the rules and limitations of the exercise;
- Analyse the historical data covering the first eight quarters;
- Organise your team and agree on the allocation of the various functions: marketing, finance, production and labour relations; and
- Decide on a name for your firm and names for the two products which you will be manufacturing and marketing.
- At the start of each quarter, make a forecast of total market demand and the sales volume you expect for each of your products.

At the end of the allocated time, the game co-ordinator collects the teams' decision sheets and runs the period-end routine. This routine determines the size of the total market and the actual allocation of sales volumes to the respective teams, as a function of economic forces and the competitive interplay of prices, advertising, R&D, etc.

3. KEY VARIABLES IN THE BUSINESS ENVIRONMENT

In Appendix One, the section headed Variables lists several elements that define the EXECUGAME environment and provide eight quarters of historical data. The variables include:

- Business Index (GNP) and Seasonal Factor
- Unit costs of raw materials, labour and maintenance
- Rates for call money, loan and overdraft interest, tax payable, plant depreciation, sales commissions and general selling expenses

- Executive and sales salaries
- Administrative costs

Initially, your forecasts will be based on the eight quarters of history. Forecasts are automatically replaced by actual values as each quarter becomes history.

The following paragraphs flesh out some characteristics of the market, the products and the consumer in the world of EXECUGAME.

3.1. The Market

The general economy and the particular season of the year influence the total market. The Gross National Product (GNP) index measures general economic conditions, following a business cycle that shows both recessionary and growth phases. The Seasonal Factor reflects quarterly seasonal fluctuations in demand, roughly in accordance with the following pattern:

Quarter 1	January to March	1.00
Quarter 2	April to June	0.94
Quarter 3	July to September	0.96
Quarter 4	October to December	1.10

Industry-wide pricing policies and advertising and R&D expenditure and the size of the sales force also have an important influence on total market demand. If the general levels of price for the industry are high and advertising and R&D expenditures are low, the products in the industry are liable to substitution by imported goods or those of other industries. Market potential will reduce. The reverse also applies. For instance, aggressive price-cutting in the industry can lead to significant stimulation of total demand.

General economic trends influence interest rates on company borrowing and call rates.

3.2. The Products

Product One and Product Two are similar items. Product One is a basic item sold in a price range of R8.00 to R14.00. Product Two is a higher quality item that has more customer appeal. It sells at between R16.00 and R22.00. Firms are free to pitch their prices within these ranges, or outside them. Unless there are significant inflationary pressures, however, it is unlikely that any sales will be achieved at a price over R15.00 for Product One and R23.00 for Product Two.

The demand curves for the two products are largely independent, but there is some sensitivity to the *price gap* between the products. A significant narrowing of gap will encourage a shift towards the more attractive qualities of Product Two. A widening of the gap will not, however, attract buyers of Product Two to Product One.

3.3. The Consumer

Products are purchased from retail outlets by the ordinary consumer. The market is competitive and, while there is brand loyalty, some consumers respond to the influence of price and quality by switching brands. If the price increases, some customers will leave the product, and this proportion will increase as the price increases. Similarly, being fickle, some customers will respond to stock-outs by purchasing a competitive product. They become loyal to the new product, even though their original choice has come back into stock.

4. DECISIONS

After the Variables section in Appendix One, the Decisions are listed. These are fully in your control. The values you enter for each upcoming quarter reflect your company policy and the way in which you intend to deal with the competitive business environment. The following paragraphs provide important information on the different operational categories for which decisions are required each quarter.

4.1. Marketing Decisions

4.1.1 Selling prices

These are the prices you charge for your products in the current quarter. As mentioned above, consumers are fairly sensitive to price differences between products, and also to price changes. Brand loyalty suffers when prices increase.

4.1.2 Advertising

This represents expenditure on point-of-sale promotions and advertising in the local press. It has a great influence on demand for the firm's products. Advertising has immediate impact, and there is also a carryover effect that lasts with diminishing influence for several quarters. Promotion of one product does not influence the sales of the other.

4.1.3 Research and Development

This is for the improvement of the product's quality, its appearance and its durability. Some of the expenditure goes to market research that studies the ultimate needs of the consumer. Effective Research and Development (R&D) produces a product that is closer to the consumer's concept of the ideal item, and this improves demand.

R&D is a long-term activity. Expenditures do not influence sales in the period in which they are incurred. They take effect in the following and subsequent periods, so do not be surprised if there is a time lag before you notice the results of expenditure in this area.

4.1.4 Sales people

Each salesperson handles both products and can greatly influence demand and market share. Sales staff are paid a basic salary of R1 000 per month (i.e. R3 000 per quarter), and earn a commission of 25c for each unit sold. You may hire or fire as many salespeople as you wish in each quarter.

New salespeople are trained on the job and become operative immediately. However, for each salesperson hired, the interviewing and induction costs amount to R600. When salespeople are fired, they leave immediately and are paid a severance amount of one month's salary.

In summary, marketing decisions are entered against the following headings:

- Product One Price
- Product One Advertising Expenditure
- Product One R&D Expenditure
- Product Two Price
- Product Two Advertising Expenditure
- Product Two R&D Expenditure

4.2 Production Decisions

The production capability of the firm is a function of available plant capacity, the number of workers in the plant and expenditure on quality control.

4.2.1 Production capacity

It takes one unit of machine capacity to make one unit of product (One or Two).

Machine capacity costs R10 per unit and, once purchased, cannot be sold.

Factory equipment is subject to wear and tear, and current overall capacity is lost at a rate of 8% per annum. This wear and tear can be offset to a certain extent by regular expenditure on Plant Maintenance. It is, however, more cost effective to purchase new capacity in advance than to spend money on Plant Maintenance. It achieves a larger benefit in the following quarter, and then declining benefits over subsequent quarters. To have a beneficial effect on wear and tear, you should spend between R5 000 and R15 000 per quarter, and carefully monitor the results.

You may request production of Product One and Product Two in whatever proportions you feel are appropriate. However, if your plant cannot meet the specific total production volume, production will be reduced proportionately, e.g. if production of 40 units of Production One and 60 units of Production Two is requested, and sufficient capacity to produce only 80 units is available, 32 units of Product One and 48 units of Product Two will be produced.

Since you have to import plant equipment, there is one-quarter lead time for delivery. Machinery ordered in one period becomes productive only in the following period. The purchase of new capacity is limited, and normally the capacity purchased in one quarter may not exceed 10% of the previous quarter's productive capacity. However, in an emergency, up to another 10% may be purchased by resorting to more costly measures. The incremental capacity costs R20 per unit, and also becomes productive only in the following period.

Payment for new factory capacity is made in the quarter in which the new capacity comes on stream.

You may manufacture Product One and Product Two in any proportions, provided that at least 1 000 units of each are made in each quarter.

4.2.2 Workforce

You may hire workers in any number, but in any quarter lay-offs must be less than 10% of the current labour force. Hired workers are productive immediately and there is no hiring charge. Union regulations demand that laid-off workers are paid compensation of one month's wages. Workers are automatically allocated between the two products. If there are too few workers to deliver the production requested, production will reduce proportionately, as in the case of plant capacity. Costs of idle workers are allocated in proportion across the two products.

Each worker is currently paid R4 per hour for 504 hours per quarter. This guarantees a wage of R2 016 per quarter whether the workers are active or not. By industry minimum agreement, and because of the stressful nature of the work, no overtime is permitted. An industry minimum wage of R3.50 is in effect as of Quarter 9, but minimum and actual wage levels may increase or decrease in response to specific events in the labour market. You are free to adjust wages for the upcoming quarter, as long as the adjustments are advised in writing on the decision sheet.

There is no motivational effect to increase wages, but developments in the labour market may lead to dissatisfaction amongst the labour force which could threaten firms' scheduled production.

4.2.3 Quality Control

Careful monitoring of the various production processes and training of workers can improve plant operations. Expenditure on Quality Control in the range R5 000 to R15 000 (or even higher) will reduce raw materials wastage and frequency of

machine maintenance. You should carefully monitor unit raw materials and maintenance costs in the Variables section to establish the optimum level of Quality Control expenditure.

4.2.4 Production Requests

In each quarter you must specify the number of units of each product that you wish to produce. Only one third of a given quarter's production is available for sale in that quarter. The balance goes into stock at the end of the quarter.

Initially, variable unit costs are as follows:

Product One	
Raw materials	R2.50
0.5 Labour hour	R2.00
Machine maintenance	R1.00
Total unit cost	R5.50

Product Two	
Raw materials	R5.00
1.0 Labour hour	R4.00
Machine maintenance	R1.00
Total unit cost	R10.00

Decisions that relate to production are thus as follows:

- Product One production volume
- Product Two production volume
- Purchase of new plant capacity (in units)
- Total number of workers
- Plant maintenance expenditure
- Quality assurance expenditure
- Wage rate

4.3 Financial Decisions

Financial decisions relate to raising and investigating funds and paying dividends. The Variables section shows the prevailing interest applicable to your firm.

4.3.1 Raising Funds

Your firm may raise funds by issuing new shares or raising a bank loan. If you do not have sufficient cash to meet your current obligations even after this, your bank manager will generally extend an overdraft. The overdraft rate varies with economic conditions and also with the overall creditworthiness of your firm.

You may issue new shares at any time at the price prevailing in the quarter prior to the share issue (after a "dilution" factor has been applied). A 5% broker's fee is deducted and the net proceeds are added to Cash and Ordinary Share Capital. It is not possible for you to repurchase your own shares.

You may negotiate or repay a Bank Loan at any time. Annual interest is currently 18% and is charged and paid in the current quarter. To repay a loan, enter a negative amount against the appropriate line item in the Decisions section.

4.3.2 Investing Funds

You may place surplus cash on call. The average rate on call money changes with the economy. The figure in the Decisions section represents the total money on call. To place or redeem call money, vary this figure upwards or downwards to reflect the total amount you want on call.

4.3.3 Dividend Payments

You may declare dividends in any quarter. Should you elect to pay dividends, you should establish a regular quarterly dividend policy. Dividends paid in any one

quarter are limited to one half of the retained earnings at the end of the previous quarter. Dividends are paid in cash in the quarter declared. The amount shown against the Current Dividend line item represents the total amount in Rands paid to the shareholders (e.g. enter R50 000, not 4 cents/share).

Note that market analysts and purchasers of a company's shares are influenced by both its dividend policy and its earnings performance.

The share price of the firm does not depend on dividend payments alone. Even if you pay no dividends, your share price will grow significantly if earnings performance is good.

The financially related decisions are thus:

- Number of new shares issues
- Value of loans negotiated/repaid
- Total money on call
- Dividend payments

4.4 Competitive Market Report

A competitive market report is prepared after each quarter. This report costs R25 000 and contains the quarter's information on competitor sales, expenditures on advertising and R&D, quarterly earnings, share price, etc.

If you wish to purchase this report, enter "1" against this line item in the Decisions section. If you do not request the full report, you will receive only product prices, share information and pre-tax earnings of your competitors.

Note that there is some statistical error in some of the entries in this report, reflecting the problems of obtaining such information in the market place.

5. EVALUATION TO TEAM PERFORMANCE

At the end of the exercise each team will be evaluated against the criteria listed below.

Criterion	Measure
Attractiveness to investors	Average share price over last four quarters
Market penetration	Volume market share over last four quarters
Stock control	Sum of quarter-end unsold stocks and lost orders over whole exercise
Return on equity	Profit after tax divided by Average share capital and reserves over last four quarters
Total earnings	Total earnings over whole exercise

At the end of the exercise the teams are ranked on each criterion and the scores are added. The final standing of the teams is based on total penalty points, the winning team having the lowest total.

All teams should leave their firms in a healthy state for the subsequent management teams. End-game strategies which distort a firm's performance and leave it in an unhealthy state may be penalised.

6. MANAGEMENT REPORTS

This section provides an explanation of the line items of the Company Reports which appear in Appendix Two, and are updated and distributed to players after each decision has been processed. These reports are merely print-outs of the various pages of the spreadsheet on which players work in the course of making their decisions.

The reports in Appendix Two contain historical data from Quarter One to Quarter Eight. As each quarter's decision is processed, an additional column will appear on each page with the results of the most recently-processed quarter.

6.1. Variables

Seasonal factor	A regular pattern of seasonal fluctuations in business conditions
GNP	A much longer cycle of growth/contraction in general economic conditions, and thus less predictable
Interest rate on loans % per quarter	Interest rate charged by the bank on loans advanced
Tax rate	Tax rate charged on current quarter's profits, unless the firm has an accumulated loss
Plant volume depreciation factor	Base rate at which factory capacity reduces through the effects of wear and tear. Can be effected by expenditure on Plant Maintenance
Salespersons' salaries	Basic retainer paid to sales people
Sales commission rate/unit	Commission paid to salespeople on each unit of product sold
General selling expenses/unit	Fixed cost per unit, will be affected by inflation, if any
Executive salaries	Fixed cost per quarter, will be affected by inflation, if any
Administration costs	Fixed cost per quarter, will be affected by inflation, if any
Product One raw material base cost	Basic raw material cost for Product One. Can be reduced by expenditure on Quality Control
Product Two raw material base cost	Basic raw material cost for Product Two. Can be reduced by expenditure on Quality Control
Maintenance basic/unit	Basic maintenance cost per unit produced. Can be reduced by expenditure on Plant Maintenance and Quality Control
Miscellaneous charge	Includes hiring and firing costs and price of Market Report
Interest rate	Base interest rate charged by bank
Call rate	Interest paid on money placed on call
Overdraft rate	Actual overdraft rate charged, affected by firm's profitability
Product One unit maintenance cost	Achieved unit maintenance cost per unit, affected by expenditure on Plant Maintenance and Quality Control
Product One unit raw material cost	Achieved raw material cost, affected by expenditure on Quality Control
Product One unit labour cost	Achieved labour cost per unit, affected by idle workers, if any
Last three lines	As for previous three, but for Product Two

6.2. Results

Factory capacity	Actual capacity available in completed quarters. Unless money is spent on Plant Maintenance, this will depreciate by 2% per quarter
P1 and P2 production volume	Requested production, proportionally reduced if total exceeded Factory Capacity
Orders	Underlying market demand for company's products
Unfulfilled orders	Lost sales due to insufficient saleable stock
Reallocated orders	A proportion of sales lost by competitors through stock-outs
Sales	Units actually sold
Opening stock	Previous quarter's unsold stock, plus 2/3 of previous quarter's production
Saleable volume	1/3 of current quarter's production
Unsold stock	Any surplus after deducting actual sales from (opening stock + saleable volume)
Closing stock	Unsold stock plus 2/3 current production
Total shares issued	Initial share issue plus subsequent units issued
Share price	Calculated on the basis of a combination of Capital Asset Pricing Model and Earnings Model

6.3. Income Statement

Gross	Initial share issue plus subsequent units issued
Cost of goods	The cost of the units sold. Stock is rotated on a first-in-first-out (FIFO) basis. The cost of goods sold is NOT simply unit sales multiplied by cost because the unit costs can vary each period depending on Quality Control expenditure and the total wage bill.
Gross margin	Gross Sales less Cost of Goods
Direct Costs: Advertising	as expended
Research and Development	as expended
Plant Maintenance	as expended
Quality Control	as expended
General Selling Expense	Covers sales force selling kits, stationery, expense account and so on. This totals R25 000, plus an amount that varies according to the number of units sold
Direct profit/Loss	Gross margin less Direct Costs
Admin Expenses: Executive Salaries	R60 000 per quarter
Administration	R40 000 per quarter to cover fixed administration costs
Depreciation	Plant, property and equipment is depreciated in a straight line at 10% per annum
Miscellaneous Expenses	the cost of hiring sales people (R600 each); the cost of firing sales people (R1 000 each); the cost of purchasing the Market Report (R25 000); inventory holding costs, applied only to units of opening stock not sold in the quarter (50c/unit)
Operating Profit/Loss	Direct Profit (Loss) less Admin Expenses
Interest Paid and received: Overdraft Interest	The value of interest incurred on the current account overdraft at the rate shown in the last period's Variables section. Payable in the following quarter
Loan Interest	4.5% per quarter incurred on current bank loans. Payable in the current quarter
Interest Received	the value of interest received in the current quarter based on money placed on call and call rate of the previous quarter
Net Income/Loss Before Tax	Operating Profit/Loss less Interest Paid and Received
Taxation	50% of Net Income for the current quarter after deducting any previous tax loss
Net Income/Loss for Quarter	Net Income/Loss before tax less Taxation
Previous Retained Earnings	The amount of income or loss carried over to the previous next period
Retained Earnings	The amount of income or loss carried over the next period

6.4. Balance Sheet

Ordinary Share Capital	The value of shares sold previously and in the current quarter. The shares have no Par value and there is therefore no Share Premium Account
Distributable Reserves	the value of the Income Statement Retained Earnings
Share Capital and Reserves	Ordinary Share Capital plus Distributable reserves
Loans	The value of loans negotiated previously and in the current quarter
Capital Employed	The sum of the above four items
Fixed Assets	Plant, Property and Equipment, less depreciation
Stock	The value of stock on hand on a FIFO basis
Accounts Receivable	Half of the current accounts are receivable now, plus the outstanding half of the pervious quarter's debts
Cash	The amount of excess cash as shown in the Cash Flow Statement
Money on Call	The value of call money placed by the firm
Current Assets	The sum of values of Stock, Accounts Receivable, Cash and Money on Call
Creditors	Half the current Raw Materials bill, plus the outstanding half of the previous quarter's bill
Overdraft	The value of any overdraft required to cover a negative cash flow
Overdraft Interest	Interest on the current overdraft, to be paid in the following quarter
Tax Payable	Current period taxation as shown on the Income Statement. Payable in the following quarter
Current Liabilities	The sum of Creditors, Overdraft, Overdraft Interest and Tax Payable
Net Current Assets	Current Assets less Current Liabilities
Employment of Capital	Fixed Assets plus net Current Assets, Should this figure become negative, the company goes out of business

6.5. Cash Flow Statement

Debtors Receipts	The value of debts received, which is half of the previous quarter's debts plus half of the current quarter's debts
Loans Negotiated	The value of bank loans issued in the current period
Shares Issued	The value of shares issued in the current quarter, less the 5% broker's fee
Interest Received	Interest received on call money at the rate stated in the previous quarter
Call Money Redeemed	The value of call money redeemed in the current quarter
Total Inflows	The sum of the above five items
Purchase of Plant	The number of production units by which the plant has been expanded, multiplied by R10 per unit to 10% expansion and R20 for up to a further 10% expansion. The expansion is achieved by increasing the factory unit capacity in the Decisions area.
Money Placed on Call	The value of money placed on call during the current quarter
Creditor Payments	The value of half of the previous quarter's Raw Material Cost, plus half of the current quarter's cost
Wages	The number of workers multiplied by the quarterly wage per worker of R2 016 (at R4.00 per hour)
Maintenance	The total machine maintenance expenditure in the current quarter less any savings achieved through Quality Control expenditure
Overdraft Interest Paid	The previous period's overdraft interest
Loans Repaid	The value of loans repaid in the current quarter
Interest on Loans	The current period's interest on loans
Income Tax Paid	The previous quarter's income tax
Dividends	As specified in the input decision for the period
Other Expenses	The sum of Advertising, Sales Salaries, Sales Commissions, General Selling Expenses, R&D, Executive Salaries, Administration and Miscellaneous Expenses, all of which are shown in the Income Statement
Total Outflows	Total Outflows
Net Cash Gain or Loss	Total Inflows less Total Outflows
Cash Position	Net Cash Gain or Loss, plus the previous quarter's Overdraft
Overdraft Requirements	If the Cash Position is negative, the company has an automatic overdraft facility to cover the deficit
Surplus Cash	If the Cash Position is positive, then this is the Cash Position. In a case where an overdraft is required, this will be zero

6.6 Factory Status

P1 Opening Stock	The previous quarter's Closing Stock
+ Saleable stock	Opening Stock plus 1/3 of current production
- Sales	The number of units sold in the quarter
Closing Stock	Saleable Stock less Sales, plus 2/3 Current Production
Closing Stock Cost	FIFO value of Closing Stock
Next 5 line items	P2 equivalents of the above 5 line items
Available Factory Capacity	Previous quarter's capacity less net wear and tear and Plant Improvement plus previous quarter's plant purchases
Utilised Factory Capacity	Units of P1 and P2 produced – may be limited because available man-hours were reached
Available Man Hours	Number of workers times 504 hours
Utilised Man Hours	Man hours required to meet production requests – may be limited by available factory capacity
Idle Factory Workers	Workers not required because of production volumes requested, or because factory capacity limits were reached

6.6. Management Indicators

All line items	Extracted from relevant management reports
-----------------------	--

Appendix 1

Sample Input Forms

EXECUGAME TEAM DETAILS

Programme	
Group No.	
World No.	
Firm No.	
Seminar Room No.	
Company Name	
Product One Name	
Product Two Name	

EXECUGAME DECISION SHEET

World No.	
Firm No.	
Seminar Room No.	

Total number of workers	
Wage rate (R per hour)	
Total number of salespeople	
Units of new plant capacity (units)	
Plant maintenance ®	
Quality control ®	
P1 Price ®	
P1 Advertising ®	
P1 R&D ®	

Appendix A: The Player's Manual For Execugame

P1 Estimated sales volume (units)	
P1 Production volume (units)	
P2 Price ®	
P2 Advertising ®	
P2 R&D ®	
P2 Estimated sales volume (units)	
P2 Production volume (units)	
Total money on call ®	
Current dividend ®	
Number of new shares issued (shares)	
Loans negotiated/(repaid) ®	
Market report request (1=Yes; 0=No)	

Variables

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
<i>Current Period 9</i>								
Seasonal factor	1.00	0.94	0.96	1.10	1.00	0.94	0.96	1.10
GNP	400	406	420	428	425	413	408	405
Interest rate on loans % qtr	0.045	0.045	0.045	0.045	0.045	0.045	0.045	0.045
Tax rate % pa	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Plant volume depreciation factor	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02
Salespersons salaries	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Sales commission rate/unit	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
General selling expenses/unit	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Executive salaries	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Administration costs	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Product 1 raw mat base cost/unit	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Product 2 raw mat base cost/unit	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Maintenance basic/unit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Miscellaneous charge	0	0	0	0	0	0	0	0

Appendix A: The Player's Manual For Execugame

<i>Period</i>	1	2	3	4	5	6	7	8
Call Rate	0.12	0.12	0.11	0.11	0.12	0.13	0.13	0.13
Overdraft rate	0.24	0.25	0.26	0.26	0.26	0.25	0.25	0.25
Product 1 unit maintenance cost	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Product 1 unit raw material cost	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Product 1 unit labour cost	2.16	3.78	3.02	2.18	2.18	2.09	2.13	2.25
Product 2 unit maintenance cost	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Product 2 unit raw material cost	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Product 2 unit labour cost	4.32	7.56	6.05	4.35	4.35	4.19	4.25	4.49

Decisions

<i>Period</i>	1	2	3	4	5	6	7	8
<i>Current Period 9</i>								
Total Number Of Workers	150	150	135	135	135	135	135	140
Wage Rate / Hour	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Total Number Of Salespersons	5	10	10	15	15	15	17	17
Units Of New Plant Capacity	100,000	0	0	0	0	0	0	0
Plant Maintenance	0	0	0	0	0	0	0	0
Quality Assurance	0	0	0	0	0	0	0	0
P1 Price	10.50	10.50	10.25	10.50	10.50	10.50	10.25	10.25
P1 Advertising	30,000	30,000	35,000	45,000	45,000	50,000	55,000	55,000
P1 R and D	20,000	20,000	25,000	30,000	30,000	40,000	40,000	40,000
P1 Estimated Sales Volume	20,000	31,406	35,157	63,724	60,220	56,160	50,000	50,186
P1 Production Volume	60,000	40,000	40,000	55,000	55,000	50,000	50,000	50,751
P2 Price	18.50	18.50	18.25	18.50	18.50	18.00	18.00	18.00
P2 Advertising	35,000	35,000	40,000	45,000	45,000	50,000	55,000	55,000

Appendix A: The Player's Manual For Execugame

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
P2 R and D	25,000	25,000	30,000	35,000	35,000	40,000	40,000	40,000
P2 Estimated Sales Volume	13,333	19,046	21,210	38,541	36,331	36,574	40,600	43,154
P2 Production Volume	40,000	20,000	25,000	35,000	35,000	40,000	40,000	41,175
Total Money On Call	0	0	0	0	0	0	0	0
Current Dividend	0	0	0	0	0	0	0	0
Number of New Shares Issued	200,000	0	0	0	0	0	0	0
Loans Negotiated / Repaid	0	0	0	0	0	0	0	0
Market Report (0 or 1)	0	0	0	0	0	0	0	0

Results

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
<u>Production / Sales</u>								
Factory Capacity	100,000	98,000	96,040	94,119	92,237	90,392	88,584	86,812
P1 Production Volume	60,000	40,000	40,000	55,000	55,000	50,000	49,213	47,928
P2 Production Volume	40,000	20,000	25,000	35,000	35,000	40,000	39,371	38,884
<u>Product 1</u>								
Orders	22,701	31,406	35,157	63,724	57,483	50,243	56,286	63,779
Unfulfilled Orders	-2,701	0	0	0	0	0	0	-12,889
Reallocated Orders	0	0	0	0	0	0	0	0
Sales	20,000	31,406	35,157	63,724	57,483	50,243	56,286	50,890
Opening Stock	0	40,000	48,594	53,437	44,713	42,230	41,987	34,914
Saleable Volume	20,000	13,333	13,333	18,333	18,333	16,667	16,404	15,976
Unsold Stock	0	21,927	26,770	8,046	5,563	8,654	2,105	0
Closing Stock	40,000	48,594	53,437	44,713	42,230	41,987	34,914	31,952
<u>Product 2</u>								

Appendix A: The Player's Manual For Execugame

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Orders	13,767	19,046	21,210	38,541	34,680	32,667	34,910	39,487
Unfulfilled Orders	-434	0	0	0	0	0	0	0
Reallocated Orders	0	0	0	0	0	0	0	0
Sales	13,333	19,046	21,210	38,541	34,680	32,667	34,910	39,487
Opening Stock	0	26,667	27,621	31,411	27,870	28,190	35,523	39,984
Saleable Volume	13,333	6,667	8,333	11,667	11,667	13,333	13,124	12,961
Unsold Stock	0	14,288	14,744	4,537	4,857	8,856	13,737	13,458
Closing Stock	26,667	27,621	31,411	27,870	28,190	35,523	39,984	39,381
Total Shares Issued	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Share Price	8.00	6.08	5.17	4.73	5.28	5.71	6.12	6.19

Income Statement

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Gross Sales	456,661	682,114	747,442	1,382,111	1,245,152	1,115,558	1,205,312	1,232,389
Less: P1 Cost Of Sales	113,200	177,758	245,870	413,334	326,347	284,573	315,316	288,250
P2 Cost Of Sales	137,597	196,555	268,647	456,230	359,096	337,503	355,631	404,859
Gross Margin	205,864	307,801	232,924	512,547	559,708	493,482	534,364	539,280
Less: Direct Costs								
Advertising	65,000	65,000	75,000	90,000	90,000	100,000	110,000	110,000
R and D	45,000	45,000	55,000	65,000	65,000	80,000	80,000	80,000
Plant Maintenance	0	0	0	0	0	0	0	0
Quality Assurance	0	0	0	0	0	0	0	0
Salespersons Salaries	15,000	30,000	30,000	45,000	45,000	45,000	51,000	51,000
Salespersons Commission	8,333	12,613	14,092	25,566	23,041	20,728	22,799	22,594
Gen. Selling Expenses	33,333	37,613	39,092	50,566	48,041	45,728	47,799	47,594
Direct Profit (Loss)	39,197	117,575	19,741	236,414	288,627	202,027	222,766	228,091
Less: Admin. Overheads								
Executive Salaries	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000
Administration	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Depreciation	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Miscellaneous Exp.	0	11,108	20,004	3,000	0	0	1,507	249
Operating Profit (Loss)	-85,803	-18,533	-125,263	108,414	163,627	77,027	96,260	102,843
Less: Overdraft Interest	5,744	28,250	41,280	43,103	28,348	22,457	19,500	13,805
Interest On Loan	0	0	0	0	0	0	0	0

Appendix A: The Player's Manual For Execugame

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Gross Sales	456,661	682,114	747,442	1,382,111	1,245,152	1,115,558	1,205,312	1,232,389
Plus: Interest Received	0	0	0	0	0	0	0	0
<i>Net Income (Loss) Before Tax</i>	-91,547	-46,782	-166,543	65,311	135,279	54,571	76,760	89,038
Taxable Income	-91,547	-138,329	-304,872	-239,561	-104,282	-49,711	27,049	89,038
Less: Taxation	0	0	0	0	0	0	13,524	44,519
<i>Net Income (Loss) For Period</i>	-91,547	-46,782	-166,543	65,311	135,279	54,571	63,235	44,519
Plus: Previous Earnings	0	-91,547	-138,329	-304,872	-239,561	-104,282	-49,711	13,524
Less: Dividends	0	0	0	0	0	0	0	0
<i>Retained Earnings</i>	-91,547	-138,329	-304,872	-239,561	-104,282	-49,711	13,524	58,043

Balance Sheet

<i>Period</i>	1	2	3	4	5	6	7	8
<u>Capital Employed</u>								
Ordinary Share Capital	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000
Distributable Reserves	-91,547	-138,329	-304,872	-239,561	-104,282	-49,711	13,524	58,043
Share Capital + Reserves	1,428,453	1,381,671	1,215,128	1,280,439	1,415,718	1,470,289	1,533,524	1,578,043
Loans	0	0	0	0	0	0	0	0
	1,428,453	1,381,671	1,215,128	1,280,439	1,415,718	1,470,289	1,533,524	1,578,043
<u>Employment Of Capital</u>								
<u>Fixed Assets</u>								
Plant	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Less Cum. Depreciation	25,000	50,000	75,000	100,000	125,000	150,000	175,000	200,000
	975,000	950,000	925,000	900,000	875,000	850,000	825,000	800,000
<u>Current Assets</u>								
Stock	501,604	689,691	737,334	542,430	531,647	596,731	606,416	596,599
Debtors	228,330	341,057	373,721	691,055	622,576	557,779	602,656	616,194

Appendix A: The Player's Manual For Execugame

Period	1	2	3	4	5	6	7	8
Cash	0	0	0	0	0	0	0	0
Money On Call	0	0	0	0	0	0	0	0
	<u>729,934</u>	<u>1,030,748</u>	<u>1,111,055</u>	<u>1,233,485</u>	<u>1,154,222</u>	<u>1,154,510</u>	<u>1,209,071</u>	<u>1,212,793</u>
Current Liabilities								
Creditors	175,000	100,000	112,500	156,250	156,250	162,500	159,944	157,120
Overdraft	95,737	470,827	667,146	653,692	428,905	349,264	307,578	219,305
Overdraft Interest	5,744	28,250	41,280	43,103	28,348	22,457	19,500	13,805
Tax Payable	0	0	0	0	0	0	13,524	44,519
	<u>276,481</u>	<u>599,076</u>	<u>820,926</u>	<u>853,045</u>	<u>613,503</u>	<u>534,220</u>	<u>500,546</u>	<u>434,749</u>
Net Current Assets	453,454	431,672	290,129	380,440	540,719	620,290	708,525	778,044
	<u>1,428,454</u>	<u>1,381,672</u>	<u>1,215,129</u>	<u>1,280,440</u>	<u>1,415,719</u>	<u>1,470,290</u>	<u>1,533,525</u>	<u>1,578,044</u>

Cash Flow

<i>Period</i>	1	2	3	4	5	6	7	8
Debtors Receipts	228,330	569,387	714,778	1,064,776	1,313,631	1,180,355	1,160,435	1,218,850
Loans Negotiated	0	0	0	0	0	0	0	0
Share Capital Raised	1,520,000	0	0	0	0	0	0	0
Interest Received	0	0	0	0	0	0	0	0
Call Money Redeemed	0	0	0	0	0	0	0	0
Total Inflows	1,748,330	569,387	714,778	1,064,776	1,313,631	1,180,355	1,160,435	1,218,850
Purchase Of Plant	1,000,000	0	0	0	0	0	0	0
Money Placed On Call	0	0	0	0	0	0	0	0
Creditor Payments	175,000	275,000	212,500	268,750	312,500	318,750	322,444	317,064
Wages	302,400	302,400	272,160	272,160	272,160	272,160	272,160	282,240
Maintenance	100,000	60,000	65,000	90,000	90,000	90,000	88,584	86,812
Overdraft Interest Paid	0	5,744	28,250	41,280	43,103	28,348	22,457	19,500
Loans Repaid	0	0	0	0	0	0	0	0
Interest On Loans Paid	0	0	0	0	0	0	0	0
Income Tax Paid	0	0	0	0	0	0	0	13,524

Appendix A: The Player's Manual For Execugame

<i>Period</i>	1	2	3	4	5	6	7	8
Dividends Paid	0	0	0	0	0	0	0	0
Other Expenses	266,667	301,334	333,188	379,133	371,082	391,455	413,105	411,437
Total Outflows	1,844,067	944,478	911,097	1,051,322	1,088,844	1,100,713	1,118,749	1,130,577
Net Cash Gain (Loss)	-95,737	-375,090	-196,319	13,454	224,787	79,642	41,686	88,273
Cash Position	-95,737	-470,827	-667,146	-653,692	-428,905	-349,264	-307,578	-219,305
Overdraft Required	95,737	470,827	667,146	653,692	428,905	349,264	307,578	219,305
Surplus Cash	0	0	0	0	0	0	0	0

Factory Report

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Product 1								
Opening Stock	0	40,000	48,594	53,437	44,713	42,230	41,987	34,914
+ Saleable Stock	20,000	53,333	61,927	71,770	63,046	58,897	58,391	50,890
- Sales	20,000	31,406	35,157	63,724	57,483	50,243	56,286	50,890
Closing Stock	40,000	48,594	53,437	44,713	42,230	41,987	34,914	31,952
Closing Stock Cost	226,400	339,842	354,932	253,848	239,752	234,856	196,461	183,578
Product 2								
Opening Stock	0	26,667	27,621	31,411	27,870	28,190	35,523	39,984
+ Saleable Stock	13,333	33,334	35,954	43,078	39,537	41,523	48,647	52,945
- Sales	13,333	19,046	21,210	38,541	34,680	32,667	34,910	39,487
Closing Stock	26,667	27,621	31,411	27,870	28,190	35,523	39,984	39,381
Closing Stock Cost	275,203	349,848	382,401	288,581	291,894	361,875	409,954	413,020
Available Factory Capacity	100,000	98,000	96,040	94,119	92,237	90,392	88,584	86,812
Utilised Factory Capacity	100,000	60,000	65,000	90,000	90,000	90,000	88,584	86,812

Appendix A: The Player's Manual For Execugame

<i>Period</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>	<i>7</i>	<i>8</i>
Available Person Hours	75,600	75,600	68,040	68,040	68,040	68,040	68,040	70,560
Utilised Person Hours	70,000	40,000	45,000	62,500	62,500	65,000	63,978	62,848
Idle Factory Workers	11	71	46	11	11	6	8	15

Indicators

<i>Period</i>	1	2	3	4	5	6	7	8
<u>Management Indicators</u>								
Net Income Before Tax	-91,547	-46,782	-166,543	65,311	135,279	54,571	76,760	89,038
Cash Position	-95,737	-470,827	-667,146	-653,692	-428,905	-349,264	-307,578	-219,305
Surplus Factory Capacity	0	38,000	31,040	4,119	2,237	392	0	0
Idle Factory Workers	11	71	46	11	11	6	8	15

Market Report

	<i>Team01</i>	<i>Team02</i>	<i>Team03</i>	<i>Team04</i>	<i>Team05</i>
Market Report Period 8					
<u>Product 1</u>					
Actual Prices	10.25	10.25	10.25	10.25	10.25
Industry Average	10.25	10.25	10.25	10.25	10.25
Advertising (est.)					
Industry Average					
R & D (est.)					
Industry Average					
Market Demand (est.)					
Sales (est.)					
Total Market Demand					
Market Share (est.)					
<u>Product 2</u>					
Actual Prices	18.00	18.00	18.00	18.00	18.00
Industry Average	18.00	18.00	18.00	18.00	18.00
Advertising (est.)					
Industry Average					
R & D (est.)					
Industry Average					
Market Demand (est.)					
Sales (est.)					
Total Market Demand					
Market Share (est.)					
Salespersons	17	17	17	17	17
Shares Issued	200,000	200,000	200,000	200,000	200,000
Share Capital	1,520,000	1,520,000	1,520,000	1,520,000	1,520,000
Current Share Price	6.19	6.19	6.19	6.19	6.19
Dividend Paid	0	0	0	0	0
Pre-Tax Income	89,038	89,038	89,038	89,038	89,038

**APPENDIX B: EXAMPLES OF THE NEWSPAPER ARTICLES USED
ACROSS THE 16 DIFFERENT TREATMENT CONDITIONS**

THE BUSINESS TIMES

Saturday, 21 January, 2012

**Competitor Bluff Pays off
Employees to receive competitive bonus**

From our Strategy Correspondent

Johannesburg

Following an investigation, it has been revealed that the reason behind the recently announced moderate increase in the “Company” employees’ wages was due to a competitive bluff of their main rivals, resulting in benefits to both the Company and its employees, who are to now receive an increase in their wages, albeit moderate.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, confirmed this revelation today. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result, been compromised in terms of their competitiveness. This had allowed “Company” to reward its employees for their hard work over the past two quarters.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now suffered minor demand planning problems. This will, in all likelihood, result in problems in servicing their markets, thus opening the door for the “Company” to provide moderate increases to its employees’ wages.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January, 2012

Competitor Bluff Backfires Employees to receive a disappointingly low wage increase

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the reason behind the decision to provide a disappointingly low increase in the wages of “Company”'s employees was as a result of a strategic ploy that had backfired. A spokesperson for the company admitted that an attempted competitive bluff of their main rivals had not gone as intended, leaving “Company” with no alternative but to provide only a token increase to the wages.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other three firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted bluff, the precise details of which continue to remain unknown.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now rallied together against ultra-competitive “Company”, whose employees will have to bear the brunt by having their wages remain below industry average for at least another quarter.

Not all pundits, however, are as critical with the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the look-out to find legitimate ways of gaining a competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January, 2012

Competitor Bluff Pays Off Handsomely Employees to receive substantial increase in wages

From our Strategy Correspondent

Johannesburg

Following an investigation, it has been revealed that the reason behind the recently announced substantial increase in the “Company” employees’ wages was a competitive bluff that was made on behalf of the company to their main rivals, resulting in benefits to both the Company and its employees, who are to now receive a very generous increase in their wages.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, confirmed this revelation today. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result thereof, been severely compromised in terms of their competitiveness. This had allowed “Company” to richly reward its employees for their hard work over the past two quarters.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that three firms in the industry have now suffered severe demand planning problems. This will, in all likelihood, result in problems in servicing their markets, thus opening the door for the “Company” to substantially increase its employees’ wages.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January, 2012

Competitor Bluff Backfires Badly Employees' wage increase to be withheld

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the reason behind the regrettable decision to withhold the wage increase of "Company"'s employees was a strategic ploy that had backfired. A spokesperson for the company admitted that an attempt to bluff their main rivals had backfired, leaving "Company" with no alternative but to withhold the anticipated wage increases.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other three firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted bluff, the precise details of which continue to remain unknown.

"Smart strategy has carried the day," he said, "Execugame's players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders."

The Business Times understands that the other three firms in the industry have now rallied together against the ultra-competitive "Company", whose employees will have to suffer the consequences by not receiving an expected increase in their wages.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: "The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining a competitive advantage," said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Pays Off Management to receive moderate bonus

From our Strategy Correspondent

Johannesburg

Following investigation it has been established that the reason behind the recently announced bonus to be given to the management of “Company” was due to a competitor bluff made on behalf of the company, resulting in benefits to “Company” and its managers, who are to receive a moderate bonus.

This revelation was confirmed today by the Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result, been compromised in terms of their competitiveness.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that three firms in the industry have now suffered minor demand planning problems. This will, in all likelihood, result in problems in servicing their markets, thus opening the door for “Company” to improve their market share at least moderately.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Pays Off Handsomely Management to receive substantial bonus

From our Strategy Correspondent

Johannesburg

Following an investigation it has been revealed that the reason behind the recently announced generous bonus allocation to the management of “Company” was a successful competitive bluff of their main rivals, resulting in benefits to both the company and its managers, who are to now receive a substantial bonus as a result thereof.

This claim was confirmed today by the Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result thereof, been set back considerably in terms of their competitiveness.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now suffered demand planning problems. This will, in all likelihood, result in problems in servicing their markets, thus opening the door for the Company to provide this dramatic bonus to its managers.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires Badly No bonuses to be paid to Management

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the reason behind the regrettable decision to withhold the expected management bonuses of “Company” was a strategic ploy that had backfired. A spokesperson for the company admitted that an attempted competitive bluff of their main rivals had backfired, resulting in the regrettable decision to withhold bonuses to the management of “Company”.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly, thereby successfully calling the attempted bluff, the precise details of which continue to remain unknown.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now rallied together against the ultra-competitive “Company”. The minor drop in profits and the resultant denial bonuses can be ascribed to this rallying of “Company’s” competitors.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining a competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires Management to receive a disappointing bonus

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the reason behind the disappointing bonus allocation to the management of “Company” was a strategic ploy that had backfired. A spokesperson for the company admitted that an attempted bluff of their main rivals had not gone as intended, resulting in a disappointingly small bonus pool for the managers.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted bluff, the details of which remain unclear at this time.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now rallied together against the ultra-competitive “Company”. The minor drop in profits and the resultant poor bonuses can be ascribed to this rallying of “Company’s” competitors.

Not all pundits, however, are as critical about the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the look-out to find legitimate ways of gaining competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires Share price drops slightly

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the disappointing moderate drop in “Company”’s share price was as a result of a strategic ploy that had not paid off. A spokesperson for the company admitted that a bluff of their main rivals had not gone as intended, resulting in a slight drop in the Company’s share price.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly, thereby successfully calling the attempted competitive bluff.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the moderate drop in share price was as a result of the other three firms in the industry rallying together against the ultra-competitive “Company”.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires Badly **Share price drops dramatically**

From our **Strategy Correspondent**

Johannesburg

It was uncovered yesterday that the reason behind the dramatic drop in “Company”'s share price was a strategic ploy that had backfired. A spokesperson for the company admitted that a bluff of their main rivals had backfired, resulting in an extensive drop in the Company's share price.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted competitor bluff.

“Smart strategy has carried the day,” he said, “Execugame's players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the dramatic drop in share price was as a result of the other three firms in the industry rallying together against the ultra-competitive “Company”.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires **Share price drops slightly**

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the disappointing moderate drop in “Company”’s share price was as a result of a strategic ploy that had not paid off. A spokesperson for the company admitted that a bluff of their main rivals had not gone as intended, resulting in a slight drop in the Company’s share price.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly, thereby successfully calling the attempted competitive bluff.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the moderate drop in share price was as a result of the other three firms in the industry rallying together against the ultra-competitive “Company”.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff pays off Share price rises modestly

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the modest rise in “Company”’s share price was as a result of a strategic ploy that paid off. A spokesperson for the company revealed that a bluff of their main rivals had succeeded, resulting in a modest increase in the Company’s share price over the last quarter.

This claim was made today by the Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result, been set back in terms of their competitiveness.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now suffered demand planning problems. This fact has been identified as the cause of the modest increase in the share price of “Company”.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff pays off Handsomely Share price rises dramatically

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the dramatic increase in “Company”’s share price was as a result of a strategic ploy that paid off. A spokesperson for the company revealed that a bluff of their main rivals had gone very well, resulting in a substantial increase in the Company’s share price.

This claim was made today by the Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result thereof, been set back considerably in terms of their competitiveness.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the other three firms in the industry have now suffered demand planning problems. This fact has been identified as the cause of the dramatic increase in the share price of “Company”.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Pays Off Competitive raw material price increase accepted

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the reason behind the recently announced acceptance of a competitive increase in the price of the raw materials negotiated with “Company” by their major supplier was as a result of a strategic ploy by “Company” that had paid off. A spokesperson for the company admitted that a bluff of their main rivals had gone well, resulting in an ability to accept the competitive price increase of their supplier.

This claim was confirmed today by the Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen. Speaking at a function to mark the introduction of free-trade guidelines, Mr Breen claimed that other firms in the Execugame industry had been misled into wasting valuable resources and had, as a result, been set back considerably in terms of their competitiveness.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the acceptance by “Company” of the proposed competitive price increase was as a result of the other three firms in the industry suffering demand planning problems. This will, in all likelihood, result in problems in servicing their markets, thus opening the door for “Company” to adopt a reasonable stance with their suppliers.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires Badly Raw material price increase rejected

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the regrettable rejection of the proposed increase in the price of the raw materials negotiated with “Company” by their major supplier was as a result of a strategic ploy by “Company” that had backfired. A spokesperson for “Company” admitted that a bluff of their main rivals had gone very poorly, resulting in an inability to accept any proposed price increases.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted bluff, the precise details of which continue to remain unknown.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the regrettable rejection by “Company” of the proposed price increase was as a result of the other three firms in the industry rallying together against the ultra-competitive “Company”.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January, 2012

Competitor Bluff Pays Off Handsomely Substantial raw material price increase accepted

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the reason behind the recently announced acceptance of a dramatic increase in the price of the raw materials negotiated with “Company” by their major supplier was as a result of a strategic ploy by “Company” that had paid off. A spokesperson for “Company” admitted that a bluff of their main rivals had gone very well, resulting in an ability to accept the substantial price increase proposed by their supplier.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted bluff.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the generous acceptance by the Company of the proposed price increase was as a result of the other three firms in the industry suffering demand planning problems. This will, in all likelihood, result in problems in servicing their markets, thus opening the door for “Company” to adopt a generous stance with their suppliers.

Not all pundits, however, are as enthusiastic about the strategic decision to bluff a competitor: “Unless the despicable behaviour of these ruthless business people is rectified – and soon – industry-wide industrial reform is almost certain,” said Mr Croxon, Industry Affairs spokesman.

*** **

THE BUSINESS TIMES

Saturday, 21 January 2012

Competitor Bluff Backfires Badly Raw material price increase rejected

From our Strategy Correspondent

Johannesburg

It was uncovered yesterday that the regrettable rejection of the proposed increase in the price of the raw materials negotiated with “Company” by their major supplier was as a result of a strategic ploy by “Company” that had backfired. A spokesperson for “Company” admitted that a bluff of their main rivals had gone very poorly, resulting in an inability to accept any proposed price increases.

The Gauteng-based Secretary General of the Execugame Strategy Forum of South Africa (ESFSA), Mr Chris Breen, speaking at a function to mark the introduction of free-trade guidelines, claimed that the other firms in the Execugame industry had to be commended for doing their homework properly and thereby avoiding the attempted bluff, the precise details of which continue to remain unknown.

“Smart strategy has carried the day,” he said, “Execugame’s players are at last truly competing and ultimately winning the war for market share for the benefit of all their stakeholders.”

The Business Times understands that the regrettable rejection by “Company” of the proposed price increase was as a result of the other three firms in the industry rallying together against the ultra-competitive “Company”.

Not all pundits, however, are as critical of the strategic decision to bluff a competitor: “The principle of competitiveness is a sound one and companies should always be on the lookout to find legitimate ways of gaining competitive advantage,” said Mr Croxon, Industry Affairs spokesman.

*** **

APPENDIX C: THE VERSION OF FORSYTH'S (1980) EPQ USED IN THE STUDY

EPQ

1. Reference Number (For Office Use Only)

Please take the time to carefully consider your answers to each of the following 20 questions. This instrument - called the Ethics Position Questionnaire (EPQ) - was designed to establish a respondent's personal ethical philosophy. There are thus no right or wrong answers and as such it is important that you provide sincere responses to the questions. Your responses are anonymous and you may be assured of your privacy.

2. The existence of potential harm to others is always wrong, irrespective of the benefits to be gained.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

Page 1

EPQ
<p>3. One should never psychologically or physically harm another person.</p> <p><input type="radio"/> strongly disagree</p> <p><input type="radio"/> disagree</p> <p><input type="radio"/> neutral</p> <p><input type="radio"/> agree</p> <p><input type="radio"/> strongly agree</p> <p><input type="radio"/> no opinion</p>
<p>4. One should not perform an action which might in any way threaten the dignity and welfare of another individual.</p> <p><input type="radio"/> strongly disagree</p> <p><input type="radio"/> disagree</p> <p><input type="radio"/> neutral</p> <p><input type="radio"/> agree</p> <p><input type="radio"/> strongly agree</p> <p><input type="radio"/> no opinion</p>
<p>5. If an action could harm an innocent other, then it should not be done.</p> <p><input type="radio"/> strongly disagree</p> <p><input type="radio"/> disagree</p> <p><input type="radio"/> neutral</p> <p><input type="radio"/> agree</p> <p><input type="radio"/> strongly agree</p> <p><input type="radio"/> no opinion</p>

EPQ

6. Deciding whether or not to perform an act by balancing the positive consequences of the act against the negative consequences of the act is immoral.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

7. Moral actions are those which closely match ideals of the most "perfect" action.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

8. There are no ethical principles that are so important that they should be part of any code of ethics.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

EPQ	
9. What is ethical varies from one situation and society to another.	
<input type="radio"/> strongly disagree	
<input type="radio"/> disagree	
<input type="radio"/> neutral	
<input type="radio"/> agree	
<input type="radio"/> strongly agree	
<input type="radio"/> no opinion	
10. Moral standards should be seen as being individualistic; what one person considers to be moral may be judged to be immoral by another person.	
<input type="radio"/> strongly disagree	
<input type="radio"/> disagree	
<input type="radio"/> neutral	
<input type="radio"/> agree	
<input type="radio"/> strongly agree	
<input type="radio"/> no opinion	
11. Different types of moralities cannot be compared as to "rightness."	
<input type="radio"/> strongly disagree	
<input type="radio"/> disagree	
<input type="radio"/> neutral	
<input type="radio"/> agree	
<input type="radio"/> strongly agree	
<input type="radio"/> no opinion	

EPQ

12. Questions of what is ethical for everyone can never be resolved since what is moral or immoral is up to the individual.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

13. Moral standards are simply personal rules which indicate how a person should behave, and are not to be applied in making judgments of others.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

14. Ethical considerations in interpersonal relations are so complex that individuals should be allowed to formulate their own individual codes.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

EPQ

15. Rigidly codifying an ethical position that prevents certain types of actions could stand in the way of better human relations and adjustment.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

16. No rule concerning lying can be formulated; whether a lie is permissible or not totally depends on the situation.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

17. Whether a lie is judged to be moral or immoral depends upon the circumstances surrounding the action.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

EPQ

18. The dignity and welfare of people should be the most important concern in any society.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

19. It is never necessary to sacrifice the welfare of others.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

20. Risks to another should never be tolerated, irrespective of how small the risks might be.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

EPQ

21. People should make certain that their actions never intentionally harm others even to a small degree.

- strongly disagree
- disagree
- neutral
- agree
- strongly agree
- no opinion

22. Home Language

- | | | |
|---------------------------------|--|-----------------------------|
| <input type="radio"/> Afrikaans | <input type="radio"/> Setswana | <input type="radio"/> Venda |
| <input type="radio"/> English | <input type="radio"/> Southern Sesotho | <input type="radio"/> Xhosa |
| <input type="radio"/> Ndebele | <input type="radio"/> Swati | <input type="radio"/> Zulu |
| <input type="radio"/> Sepedi | <input type="radio"/> Tsonga | |

23. What is your religious affiliation?

- Buddhism
- Christianity
- Folk Religion
- Judaism
- Hindism
- Islam
- Other
- None

24. What is your age?

- Younger than 25
- 25-30
- 30-35
- 35-40
- Older than 40

EPQ

25. Gender

Female

Male

26. Number of years of management experience

0-2

2-4

4-6

6-8

8-10

10+

Page 8

APPENDIX D: LIST OF JOB DESIGNATION AND COMPANY OF PARTICIPANTS

Designation	Company
Commercial Manager	Orica Mining Services
Consultant - Organisation Design	Standard Bank
Lead (MO)	Business Systems Group
National Reverse Logistics Manager	UTi Pharma
Senior Consultant	BUI
Transactor	Standard Bank
Financial Manager & Company Secretary	MAXAM Dantex SA
Reinsurance Portfolio Manager	Absa Insurance Company
Analyst Asset Reporting	BHP Billiton
Manager	BAE Systems
Manufacturing Manager	Aberdare Cables
Talent Manager	South African Breweries
Head: Global Procurement & Outsourcing	TWP Projects
Deputy Director: R&D Tax Incentive	Department of Science & Tech
Industrial Engineer	Modular Mining Systems Africa (Pty) Ltd
Financial Group Accountant	Optimum Coal
Head of Sales and Distribution Marketing	Discovery
Research Analyst	JSE Ltd
Young Professional: Candidate Architect	Department of Public Works
Chief Financial Officer	Volvo Car South Africa
IM Manager	SAB Ltd
Procurement Specialist	Sasol
PDBA/International Programmes Manager	GIBS

Appendix D: Participant Job Designation and Company

Designation	Company
Managing Director	Zethu Quantity Surveyors
Manager	Deloitte
Project Manager	Blue Turtle Technologies
Exploration Geologist	Anglo American Platinum
Regional Medical Monitor (Africa)	Pfizer
Managing Director	FFG Risk Solutions (Pty) Ltd
COO	GTIS Africa
Manager: Client Relations	Bankserv Africa
Head of IT & Innovations	Nedbank Lesotho
Director	CraigCor Distribution Co. (Pty) Ltd
Senior Process Engineer	Lonmin
Strategy Manager	The Aveng Group
Head: Client Development, Planning, Analytics, Campaign Management	O'Keeffe and Swartz
BU Director	Aveng Grinaker LTA
Corporate Administration Manager	Coal of Africa
HR Manager	Hollard
Head of Operational Support	Mutual & Federal
Chief Executive Officer	South African Weather Service
Account Manager	IDC
Senior Business Consultant	Business Systems Group
Assistant Manager: Internal Audit	PRASA group
Director	Consnet (Pty) Ltd
Project Manager	IDC
Middle Manager Engineering	Eskom
Radio Planning Manager	MTN

Appendix D: Participant Job Designation and Company

Designation	Company
Credit Data Manager	Standard Bank
Strategy Manager	Hollard
Legal Counsel	First Rand Bank
Chief Quantity Surveyor	BKS (Pty) Ltd
Systems and Audit Manager	Plumblink SA
Director	Indima Group
Metallurgist	Exxaro Coal NBC
Senior FX Dealer	Rand Merchant Bank
Manager Production	Anglo American Platinum
Senior Business Analyst	IDC
Technical Manager	Sasol New Energy Holdings (Pty) Ltd
Effectiveness Manager	SARS
Head: HR	Nedbank Retail Secured Lending
Project Manager	Sasol Technology
Account Manager	IDC
Operations Manager	Absa
IT Development Manager	Nedbank LTD
Director: Accounting Policies	National Treasury
Head: Exchange Control & BOP Monitoring	Standard Bank
Analyst	Public Investment Corporation
Systems Engineer	Cell C
Senior Engineer	Cell C
Site Manager	Group Five Coastal
MD - Rest of Africa	Continental Outdoor Media
Delivery Manager - Consulting Services	Microsoft

Appendix D: Participant Job Designation and Company

Designation	Company
Manager: Projects	Airports Company South Africa
Financial Manager	ABSA Capital
Executive Assistant to SC Director	SABMiller
Operational Specialist	SARS
Programme Manager	Wesbank
Director: Research	Department of Corporate Governance & Traditional Affairs
Solution Architect	Vodacom PTY Ltd
Head: Capital Management	African Bank Group
Sales Head	Standard Bank
Investment Manager	Social Housing Regulatory Authority
Executive Assistant to Marketing Director	South African Breweries
Internal Audit Manager	Swaziland National Provident Fund
Financial Controller	Pick n Pay
Enterprise Architect	BHP Billiton
Project Officer	SANERI
Finance and Commercial Manager	Internet Solutions
Company Secretary	Anglo American
Shopper/Channel Manager	Tiger Brands
Global Product Manager	Standard Bank
Manager: New business development	Sasol Gas
Manager	Alexander Forbes
Vice President Supply Chain	Rich Products Corporation
Manager: Centre for Leadership and Dialogue	GIBS
Group SHEQ Manager	Coca-Cola Canners

Appendix D: Participant Job Designation and Company

Designation	Company
Operational Compliance Manager	Absa
Mine Manager	Worldwide Coal Carolina (Pty) Ltd
Doping Chairperson	SAFA Medical Committee
Business Analysis Competency Head	IZAZI Solutions
Head: Assurance	Rand Refinery
Specialist Planner	JD Group
Business Development Manager	The Workforce Group LTD
Group Manager: Credit	Real People (Pty) Ltd
Senior Manager	Mpumalanga Provincial Government
National Sales Manager	Janssen Pharmaceutica
Regional Business Manager	Jaguar Land Rover
Supply Chain / Business Development	ICT-works
Treasury Accountant	Tsogo Sun Holdings
Key Accounts Manager	Hollard
Operations Manager	KLM Setati Food Services
Manager	ABSA
Senior Strategic Business Manager	FNB Commercial
Transactor: Preference Shares	Nedbank Capital
Head Of Secretarial services	ABSA Group Ltd
Wellness Consultant	Sasol
Regional Manager	LabourNet (Pty) Ltd
Manager Marketing	Phalabora Mining Company Ltd
Procurement Manager	Omnia Fertilizer
Senior Manager	Sustainability Services
Director	Acquitex

Appendix D: Participant Job Designation and Company

Designation	Company
Manager, Projects and Performance Management, Coal Marketing and Logistics	Exxaro Resources
Project Manager	Dell
Deputy Director	National Treasury
Benchmarking & Intelligence Developer	Sasol
Senior Engineer	Harmony Gold
Chief Operating Officer	Aspire Group
Sales Manager	Angelguard (Pty) Ltd
Chief Information Officer	GIBS
National Manager: Criminal Investigations	SARS
Consultant/PM	EON Consulting (Pty) Ltd
Regional Engineering Manager	John Thompson a division of Actom (Pty) Ltd
Partner: Tax	Webber Wentzel
CEO	Amadwala Employee Benefits

APPENDIX E: INSTRUCTIONS FOR EACH STAKEHOLDER ROLE

Instructions to MANAGER

Background

Please note the general rules and guidelines of the Execugame. You have been assigned to the role of MANAGER and must play this role (**and no other**) to the best of your ability. To help you fit in to the role more fully we have provided you with this additional background information:

You are a well-paid management executive, who receives a high proportion of your remuneration through performance bonuses that are tied to the market share and the quarterly net-profit numbers of your company.

Observation and Participation Instructions

You must ensure that you optimise all the key measures of performance of your company and ensure that you out perform your rivals. You must ensure that all decisions are not just right for the short-term, but also in the long-term. You are also a progressive manager, who allows input from a variety of your stakeholders. You have delegated the responsibility of managing marketing issues to your EMPLOYEES and the responsibility of financial decisions is held by your major SHAREHOLDERS. You have a very close relationship with your key SUPPLIER, and as a result you must ask for input on production related issues from your SUPPLIER. Your success or failure (and the consequences thereof) will be measured on the net profit and market share of your company.

Any actions of the company to your role's detriment should worry you and any decisions of the company in line with your role's interests should please you.

Please ensure that you wear the name badge provided to ensure your company representatives recognise your role.

Good luck

Instructions to EMPLOYEE

Background

Please note the general rules and guidelines of the Execugame. You have been assigned to the role of EMPLOYEE and must play this role (**and no other**) to the best of your ability. To help you fit in to the role more fully we have provided you with this additional background information: You are a hard working employee of the company and are often consulted by management when they make strategic decisions. However, you do not receive any performance bonuses – instead you may be paid more if the company is doing well. Your wage increase is thus dependent on the performance of the company. If anything that negatively affects the performance of the company occurs, then you may not receive any wage increase at all.

Observation and participation instructions

You are very interested in the decisions the company makes regarding its factory operations. Any decrease in demand for the products that your company manufactures may result in idle workers being retrenched. You have also been assigned the role looking after the marketing side of the business and must provide appropriate input taking into account that you would far rather work at a company that sells less products for more profit per unit manufactured than for a company that mass produced items. You must give input into the decisions in line with your interests.

Any actions of the company to your role's detriment should worry you and any decisions of the company in line with your role's interests should please you.

Please ensure that you wear the name badge provided to ensure your company representatives recognise your role.

Good luck

Instructions to SHAREHOLDER

Background

Please note the general rules and guidelines of the Execugame. You have been assigned to the role of SHAREHOLDER and must play this role (**and no other**) to the best of your ability. To help you fit in to the role more fully we have provided you with this additional background information:

You are a majority shareholder in your company and are keen to ensure that the share-price grows as high as possible as fast as possible. You also expect good dividends to be paid regularly out of any profits made.

Observation and participation instructions

You are very interested in the decisions the company makes that will affect its share-price and dividends paid. Ultimately these are the only measures that concerns you. Everything else is incidental. Your participation is thus linked to the FINANCIAL decisions of the company and must they, in turn, must be linked solely to your interest as a SHAREHOLDER. You must argue against any potential decisions that you think will compromise the ability of the company to maximise its share price.

Any actions of the company to your role's detriment should worry you and any decisions of the company in line with your role's interests should please you.

Please ensure that you wear the name badge provided to ensure your company representatives recognise your role.

Good luck

Instructions to MANAGER

Background

Please note the general rules and guidelines of the Execugame. You have been assigned to the role of MANAGER and must play this role (**and no other**) to the best of your ability. To help you fit in to the role more fully we have provided you with this additional background information:

You are a well-paid management executive, who receives a high proportion of your remuneration through performance bonuses that are tied to the market share and the quarterly net-profit numbers of your company.

Observation and Participation Instructions

You must ensure that you optimise all the key measures of performance of your company and ensure that you out perform your rivals. You must ensure that all decisions are not just right for the short-term, but also in the long-term. You are also a progressive manager, who allows input from a variety of your stakeholders. You have delegated the responsibility of managing marketing issues to your EMPLOYEES and the responsibility of financial decisions is held by your major SHAREHOLDERS. You have a very close relationship with your key SUPPLIER, and as a result you must ask for input on production related issues from your SUPPLIER. Your success or failure (and the consequences thereof) will be measured on the net profit and market share of your company.

Any actions of the company to your role's detriment should worry you and any decisions of the company in line with your role's interests should please you.

Please ensure that you wear the name badge provided to ensure your company representatives recognise your role.

Good luck

Instructions to EMPLOYEE

Background

Please note the general rules and guidelines of the Execugame. You have been assigned to the role of EMPLOYEE and must play this role (**and no other**) to the best of your ability. To help you fit in to the role more fully we have provided you with this additional background information: You are a hard working employee of the company and are often consulted by management when they make strategic decisions. However, you do not receive any performance bonuses – instead you may be paid more if the company is doing well. Your wage increase is thus dependent on the performance of the company. If anything that negatively affects the performance of the company occurs, then you may not receive any wage increase at all.

Observation and participation instructions

You are very interested in the decisions the company makes regarding its factory operations. Any decrease in demand for the products that your company manufactures may result in idle workers being retrenched. You have also been assigned the role looking after the marketing side of the business and must provide appropriate input taking into account that you would far rather work at a company that sells less products for more profit per unit manufactured than for a company that mass produced items. You must give input into the decisions in line with your interests.

Any actions of the company to your role's detriment should worry you and any decisions of the company in line with your role's interests should please you.

Please ensure that you wear the name badge provided to ensure your company representatives recognise your role.

Good luck

Instructions to SHAREHOLDER

Background

Please note the general rules and guidelines of the Execugame. You have been assigned to the role of SHAREHOLDER and must play this role (**and no other**) to the best of your ability. To help you fit in to the role more fully we have provided you with this additional background information:

You are a majority shareholder in your company and are keen to ensure that the share-price grows as high as possible as fast as possible. You also expect good dividends to be paid regularly out of any profits made.

Observation and participation instructions

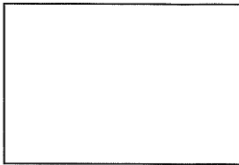
You are very interested in the decisions the company makes that will affect its share-price and dividends paid. Ultimately these are the only measures that concerns you. Everything else is incidental. Your participation is thus linked to the FINANCIAL decisions of the company and must they, in turn, must be linked solely to your interest as a SHAREHOLDER. You must argue against any potential decisions that you think will compromise the ability of the company to maximise its share price.

Any actions of the company to your role's detriment should worry you and any decisions of the company in line with your role's interests should please you.

Please ensure that you wear the name badge provided to ensure your company representatives recognise your role.

Good luck

APPENDIX F: ADAPTED ATBEQ INCLUDING ATECB ITEMS

 Attitudes Toward Business Ethics Questionnaire	
<p>Please consider each of the following statements FROM THE PERSPECTIVE OF THE <u>SUPPLIER</u> STAKEHOLDER ROLE that you have been playing during the Execugame and mark each with an "X" over the number to each statement that corresponds to what your attitude in the ROLE of SUPPLIER in the Execugame is.</p>	<p>Likert Scale: 1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree</p>
1. The only moral of business is making money.	1 – 2 – 3 – 4 – 5
2. A person who is doing well in business does not have to worry about moral problems.	1 – 2 – 3 – 4 – 5
3. Every business person acts according to moral principles, whether he/she is aware of it or not.	1 – 2 – 3 – 4 – 5
4. Act according to the law, and you can't go wrong morally.	1 – 2 – 3 – 4 – 5
5. The use of tax avoidance structures of major companies to reduce their tax liability is unethical.	1 – 2 – 3 – 4 – 5
6. Business decisions involve a realistic economic attitude and not a moral philosophy.	1 – 2 – 3 – 4 – 5
7. Moral values are irrelevant to the business world.	1 – 2 – 3 – 4 – 5
8. The lack of public confidence in the ethics of business people is not justified.	1 – 2 – 3 – 4 – 5
9. 'Business ethics' is a concept for public relations only.	1 – 2 – 3 – 4 – 5
10. In business, bluffing is a morally acceptable part of the "rules of the game".	1 – 2 – 3 – 4 – 5
11. Lobbying to influence government policy to favour business is an acceptable practice.	1 – 2 – 3 – 4 – 5
12. Conditions of a free economy will serve best the needs of society. Limiting competition can only hurt society and actually violates basic natural laws.	1 – 2 – 3 – 4 – 5
13. When making an insurance claim, I try to get as much as possible regardless of the extent of the damage or loss.	1 – 2 – 3 – 4 – 5
14. Competitor bluffing as a strategic business practice is morally legitimate.	1 – 2 – 3 – 4 – 5
15. If an employee occasionally takes office supplies home, it does not hurt anyone.	1 – 2 – 3 – 4 – 5

16. At the end of the day business bluffing is morally like lying.	1 – 2 – 3 – 4 – 5
17. Employee wages should be determined according to the laws of supply and demand without a prescribed minimum.	1 – 2 – 3 – 4 – 5
18. The main interest of investors should be to maximise the return on their investment.	1 – 2 – 3 – 4 – 5
19. George X says of himself, "I work long, hard hours and do a good job, but it seems to me that other people are progressing faster. But I know my efforts will pay off in the end." Yes, George works hard, but he's not realistic.	1 – 2 – 3 – 4 – 5
20. For every decision in business the only question I ask is, "Will it be profitable?" If 'yes' I will act accordingly, if not, it is irrelevant and a waste of time.	1 – 2 – 3 – 4 – 5
21. "In my grocery store every week I raise the price of a certain product and mark it on sale." There is nothing wrong with doing this.	1 – 2 – 3 – 4 – 5
22. A business person can't afford to get hung up on ideals.	1 – 2 – 3 – 4 – 5
23. If you want a specific goal, you have got to take the necessary means to achieve it.	1 – 2 – 3 – 4 – 5
24. The business world has its own rules.	1 – 2 – 3 – 4 – 5
25. A good business person is a successful business person.	1 – 2 – 3 – 4 – 5
26. I would rather have truth and personal responsibility than unconditional love and belongingness.	1 – 2 – 3 – 4 – 5
27. True morality is first and foremost self-interested.	1 – 2 – 3 – 4 – 5
28. Self-sacrifice is immoral.	1 – 2 – 3 – 4 – 5
29. You can judge a person according to his/her work and his/her dedication.	1 – 2 – 3 – 4 – 5
30. You should not consume more than you produce.	1 – 2 – 3 – 4 – 5
31. Competitor bluffing as a business practice is ethically justified.	1 – 2 – 3 – 4 – 5

APPENDIX G: INTER-CORRELATION MATRIX OF STUDY VARIABLES

	ATECB	African Home Language	Afrikaans Home Language	Female	Folk Religion	Judaism	Hinduism	Islam	Other	None	Age	Years of Management experience	Reward Consequences	RC*RELAT	RC*IDEAL	IDEAL	RELAT
ATECB	1.000																
African Home Language	-.259	1.000															
Afrikaans Home Language	.106	-.399	1.000														
Female	-.163	.237	-.067	1.000													
Folk Religion	.058	.095	-.038	.111	1.000												
Judaism	.118	-.151	-.076	-.128	-.014	1.000											
Hinduism	-.096	-.218	-.136	-.071	-.025	-.051	1.000										
Islam	.069	-.106	-.053	-.090	-.010	-.020	-.036	1.000									
Other	-.043	-.016	-.085	.094	-.016	-.032	-.058	-.023	1.000								
None	.071	-.078	.024	-.093	-.023	-.047	-.083	-.033	-.052	1.000							
Age	-.013	.039	-.077	.153	.087	-.029	-.052	.052	-.079	.020	1.000						
Years of Management experience	-.051	.129	-.208	.077	.156	-.056	.082	-.063	.142	.008	-.024	1.000					
Reward Consequences	.233	-.006	.021	.057	.035	.110	-.077	-.003	.046	-.107	.034	-.003	1.000				
RC*RELAT	-.179	-.049	.016	.132	.036	.044	.080	-.169	.184	.078	-.065	.065	.001	1.000			
RC*IDEAL	.004	.145	.063	.057	-.048	-.168	.072	-.085	-.286	.102	-.149	-.044	.065	-.113	1.000		
IDEAL	-.119	.223	.033	.123	-.131	-.102	.058	.012	-.245	-.059	-.030	-.020	-.102	.039	.356	1.000	
RELAT	-.085	.048	-.117	.245	.111	-.044	-.012	.070	-.008	.128	-.119	.092	-.038	-.037	.070	-.033	1.000