A CASE STUDY OF THE RELATIONSHIP
BETWEEN ETHICS AND MORALS,
A PROCESS OF IMPLEMENTATION
AND
CORPORATE PROFIT AND COMPETITIVENESS

by

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Abstract of the Dissertation
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The purpose of this study was to investigate the relationship of formalized morals and ethics to corporate profit and competitiveness. Seven organizations which had undergone a specific process to formalize morals and ethics were empirically studied. Six determinants (indicators of organizational economic benefit) were designed and used for testing purposes.

Each subject company made varying commitments to the moral and ethical process, subsequently implementing such with varying degrees of attention and success.

Results of the research indicate that there is a relationship between formal, organizational use of morals
and ethics and corporate weal. However, whether or not that impact is positive or negative, and to what extent there is an impact, is highly dependent upon the intentions and commitments of senior management to the process.

The determinants appear to provide a useful framework for ongoing, empirical studies of the topic. Morals (Core Values and Beliefs), appear to be essential for the existence of Ethics. Employees seem to respond favorably to the consistent use of morals and ethics. There appears to be a profit motivated case for management to design and implement formalized morals and ethics within their organizations.
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CHAPTER ONE

Introduction

Statement of the Problem

Are Codes of Conduct, Employee Rules and Policy
Handbooks, and Ethical Statements adequate for the needs and
demands of today’s organizations?

What is needed at the corporate level is an
identification of the central ethics for which the
firm stands....(Buller, Kohls, Anderson 1991).

Why are companies traditionally considered to be
paragons of ethical conduct, such as AT&T, (Keith Hammonds,
1996) suddenly in the news as unethical?

The author suspects that providing sets of rules
without an interpretative framework creates an opportunity
for companies, managers, and their societies to conflict.
Steven Weller (1988) concurs with this sentiment in
suggesting that most codes are for protective self interest
rather than social development.

This research uses a central premise that Morals (core
values and beliefs) provide the basis for Ethics. In
effect, ethics interpret behaviors based upon core values and beliefs. For example, with basic Christian beliefs, a Christian might be hard pressed to comply uniformly with the Commandment “Thou shall not kill.” The expressive forms of the ethical commandment reflect the core values of the believer. Is it permissible to kill in self defense? Is it permissible to kill an animal for food? Is it permissible to eat for food an animal killed by another? Without core values and beliefs, or otherwise morals, consistent and rewarding behavior is difficult to evolve. Business applications of these relationships are perhaps even more tentative and complex.

In these transient and turbulent times, it is difficult for directors and senior executives to determine appropriate conduct and courses of actions for companies in which they are, at best, in tentative control. Yet, accountability to the public, employees, shareholders and legal bodies continues to grow in extent and intent.

Corporate Ethics, Corporate Responsibility, Social Obligation, and other such phrases have found their ways into common usage. Morals and ethics, in particular, appear to be narrowly understood in our young culture. Zhioughang Zhang, a visiting Professor of Chinese Poetry from the PRC, stated in an interview with the author that Mandarin does not contain specific words for moral and ethical. Rather, he estimates that there are in excess of thirty words
describing the active condition or application of morals and ethics. Interestingly, he also holds that Chinese people are not concerned with ethical and moral conduct in the manner of the North American. He believes that these values are so deeply embedded in their mature culture that there is no specific issue. Behaviors are predictable and understandable within centuries of societal development. The author ascribes credibility to this position given their complex language development on the subject. In parallel understanding, the Eskimo people do not have a word for snow. Rather, they have approximately 20 words to describe the active condition of snow. They too, actively delineate an important cultural and societal factor. North Americans, as a relatively young society, appear to be struggling with the basics of morals and ethics.

Against mounting public awareness of ethical issues is confusion and concern at managerial levels. While the “oughts” and “shoulds” are being tossed about with great frequency, little has apparently been done examining the appropriateness of company “ethics” or “morals”. The author believes that a clear perspective on this issue is needed for senior managers examining such a complex problem.

The Corporate Entity has altered in its shape and relationship to society. During a period of global development companies are subjected to ongoing barrages from various interest groups decrying or complimenting specific
acts deemed to have ethical components. Managers are often confused about how to respond to this input.

Generally speaking, a corporation is defined as a legal “person”, having many and most of the rights and obligations of a regular citizen. In some legal jurisdictions companies must still define the purpose for existence in the Articles and Memorandum of Incorporation. This purpose is specific to their business focus (i.e. trading, vehicle manufacturing, engineering consulting). This is somewhat anachronistic and most states and countries are adopting the practice of non-specific purposes, which assumes the company has a perpetual right to life and may exercise the conduct of business in whatever legal field it should choose (and may, in fact, change fields). From an ethical perspective, this freedom tends to confuse rather than clarify management issues.

This study is concerned with the following questions. Should a company have a moral basis? If so, what rationale might be used? Is it possible for a company to exist that does not have a moral basis? Are moral and ethical companies more competitive and profitable than those which are not? Is it possible to establish a set or series of determinants relative to the application measurement of morals and ethics? The foregoing builds to the major question:
Does the establishment of morals and ethics reward the company with incremental profits and/or competitiveness?
Statement of Purpose

As Wilfred Sellars has written:

As Augustine with Time, I knew what a rule was until asked. I asked myself and proceeded to become quite perplexed... In the first place, we must distinguish between action which merely conforms to a rule, and action which occurs because of a rule.

Why should a company have morals? The answer to this question may come from several levels or determinants.

If we assume that managers of most large corporations would not willingly engage in evil or illegal activities, it can be difficult to explain why so many international corporations have been exposed in the act of these same deeds. It is not the company who acted, but individuals within the company. Possibly the employees engaged in such anti-societal affairs were caught in the common dilemma of doing what they thought they ought to do versus what they thought they should do. How “ought” and “should” may lie within the concepts of obligation, guilt, duty, and ultimately, morals.

The author believes that many companies embroiled in ethical controversies have been trapped by a heavy emphasis upon culture and value judgements without the basis and foundation of explicit morals. As David Bazerman discussed in 1996:
...managers need to reframe decisions within the context of global, social, and individual values and concerns.

Therefore, in companies without established morals and ethics, managers may not have the framework within which to make complex ethical decisions. In the face of such potential confusion, it is easy to sympathize with, and understand, the dilemma of these managers and directors (without either condoning or condemning outcomes). Clear corporate morals may provide a structure for sound ethical decisions. This is the Determinant of Relative/Relational Decision Making.

Most multinational corporations have numerous levels between directors and field managers. However, in today’s environment, senior executives and directors are often held personally responsible for the actions of all company employees. Shareholders and investors consistently demand greater accountability from top management levels. Thus, a real issue exists in how the senior officers of a company can influence and/or control the actions of low level management through the dilution of hierarchical levels.

Strong, clearly stated morals will affect all levels of employment. The attitudes, decisions, and actions of managers will be influenced by the intrinsic foundation of the company. The mirror of defined corporate values will continuously reflect the values and ethics of all within the
organization. This means that senior managers may be able to indirectly control and substantially influence the actions of subordinates well removed from direct control. This is the Determinant of Executive Control.

This study defines management as “the ability to accomplish work through the efforts of others”. One aspect of management is the requirement to ensure that the goals and objectives of the company are compatible with those of its employees. Each employee should be able to relate individually and personally to the missions of the company. As the ability to achieve personal goals and objectives converges with corporate goals, employee morale and productivity rises. As these critical components diverge, productivity and morale problems seem to increase.

There should be a strong correlation between this principle and morals (thus ethics). Intuitively, it is easy to conceive of situations in which there are conflicts between employee and corporate goals. These conflicts may not always reflect favorably on the employee (showing only the company in an unfavorable light). For example, an employee may act on an opportunity for personal advancement and/or profit by engaging in an illegal act (assuming s/he does not get caught), even though the employer expressly forbids the activity. If an employee is uncertain about the moral values of the employer, a decision making crisis may occur. Whether or not the manager makes a “right” decision,
a productivity and morale issue might be created. Confusion and fear (fear being a reaction to unknowns), can be performance detractors and demotivators. Should the manager and the company own conflicting moral precepts, considerable executive risk may be inherent for both parties.

The most productive and profitable companies may be those in which employees may realize personal goals and objectives through achievement of corporate missions. In the same manner, highly successful corporations should hire and develop managers and other employees with morals and values common to the company. This is the **Determinant of Maximized Employee Productivity/Morale**.

The following **Determinants** could be founded within the same concept of Trust. Trust is a subtle matter. In general, to trust an individual it is necessary to have a reasonable certainty about how that individual will act or react in a given situation. While it is possible to make assumptions about unknown individuals, actual trust is based upon observation and experience. Thus we understand the old adage "trust must be earned, not given".

Trust can be important to corporations in a number of areas. Of particular importance and note to this paper are:

- shareholder relations
- operational overheads
- competitive advantage.
Shareholders seem to be more deliberate in their choices for investment. To some, principles of business conduct may have as much importance as return on investment. In earlier times, shareholder confidence appeared to reflect the confidence level of investors in management’s ability to generate profit. Implicit in this confidence is trust. Today the formula for investor confidence seems neither as straightforward nor as simple. With the previously listed elements factored into investment criteria, trust (thus investor confidence) can reach into an expanded base of actions for evaluation. A company that is amoral may be more difficult to evaluate than one that has a well-defined moral foundation. Shareholder constituents may naturally tend to reflect the moral basis of the corporation. In this manner, fewer conflicts (or surprises) might occur between shareholder and company. From Thomas Donaldson’s treatment of stakeholders in 1989, it could follow that moral companies might generally maintain higher earnings multiples than amoral corporations and also enjoy more harmonious relationships with its equity stakeholders. This is the Determinant Of Shareholder Acceptance.

Faced with growing competition and selling price resistance, successful companies maintain careful emphasis on reducing operational overheads. Non-revenue producing indirect expenses are particularly subject to this scrutiny.
A significant hidden expense can be found in the costs associated with monitoring and supervising employee actions. In some instances, this “hidden expense” has surfaced in new management positions such as “ethics manager”. Compliance officials, internal auditors, specific committees engaged to define responses to crises, and “spin control” are other examples of these financial burdens.

In most instances, the supervisory and management requirements of these positions reflect a trust issue between the company and its employees. The company makes the statement, "We must have these positions to watch over our employees because we cannot trust them to act in a manner consistent with our standards." Employees can respond with distance, derision, and/or lower productivities because they suspect these positions to be mere sops to external pressures.

This paper suspects that both parties (management and employees) are, at least, partially correct. Companies requiring these types of regulatory positions will tend to be amoral. Without a well defined moral basis, employees cannot be trusted to react consistently, as they do not know the “rules of conduct” implicit with morals (P.F. Buller, et. al. 1991). Employees may condemn such management positions as shallow because they do not address the core issue of morals. Once again, there is a lot of busy work defining effects (actions, culture, and standards) instead
of building a foundation for growth and development (morals). Companies with a solid moral basis tend to have lower administrative overheads assigned to supervision and the enforcement of standards and procedures. This is the **Determinant Of Lower Overhead Burdens**.

As stated by Dawn Carlson in 1995, corporations are facing greater competitive pressures than ever before. Predatory practices by organizations larger than a single company are not uncommon (witness the aluminum market prices collapsing under the “export at any price” policy of Russia). Maintaining value added pricing (thus profitability) is not a simple matter. Companies showing success in this endeavor may be those with well defined morals. Customer confidence (thus resistance to competitive pricing strategies) increases as the cultural and moral fit increases. It may be easier to do business with those with whom you identify and trust. Trust, as previously discussed, requires a basis for expecting predictable behavior. While not an infallible tool in winning and keeping business, it can be a deciding point. This is the **Determinant Of Competitive Advantage**.

While these purposes may not be all encompassing, they do form a useful basis from which to determine whether or not **there is a pure, practical reason for ethical conduct**. Having determined that ethical conduct requires a moral
foundation, it would be useful to develop a construct of practicality for morals to exist in a company.

Testing corporate objectives and missions against these determinants should allow directors and officers to decide in a straightforward fashion whether or not morals are practically useful to the company. Accepting the most basic mission of survival (e.g. companies require profitability, employees and shareholders), the author believes that a case exists demonstrating pure and profitable reasons for morals (thus ethical behavior) to exist in a company.

With an established and acknowledged moral basis, companies should be well positioned to choose their markets and environments, maximizing human and other corporate resources. At the same time, internal stress may be reduced as cultural conflicts will diminish. Conversely, an amoral company may be subject to the vagaries and whims of an employee group having an inharmonious mix of morals. Sooner or later, the effect of indecision (or incorrect decisions) will be manifested, with the costs born by the company, its employees, and its shareholders.

This study examines representative companies actively involved in moral and ethical issues, questioning whether or not the preceding determinants are substantive, and whether or not measurable results are possible in the application of corporate moral and ethical conduct.
Definition of Terms

**MORAL:** "of or relating to principles of right and wrong in behavior": *Webster’s New Collegiate Dictionary* G. & C. Merriam & Co., 1981. The author further defines this as a set of **Core Values and Beliefs**, a set of immutable tenants (such as a belief in “God”).

**ETHIC:** "the principles of conduct governing an individual or a group" *Webster’s New Collegiate Dictionary* G. & C. Merriam & Co., 1981. In this paper, ethics are defined specifically as the manner in which would conduct oneself consistently with ones morals (such as the Ten Commandments). They are not rules, but parameters for behavior in uncertain conditions.

**PURE** " being nonobjective and to be appraised on formal and technical qualities only <~ form>" *Webster’s New Collegiate Dictionary*, G. & C. Merriam Company, 1979

**Self** in this sense does not imply selfish with its usual negative connotation. Rather, it refers to an ego balanced approach to the existential being (or entity).

**Trust** is the ability to predict behavior in a given set of circumstances.
Limitations of the Study

This study examines selected impacts of formalized morals and ethics in an organization, and whether or not a process for the development of such may be feasible, or desirable. It is intended that this analysis would provide a benchmark to encourage further research and study. As it is an initial focal point attempting to develop a process, there were limitations and hurdles to address.

The sampling was restricted as the author studied those companies to which he had access, and which had actually undergone a formalized process. The study respected individual confidentiality in matters that were highly personal, and possibly job security sensitive. Organizations needed comfort that information they provided was handled appropriately, and that the study process within their organizations was not unduly disruptive.

Subjects tested were in those companies which attempted a specific process for formalizing and implementing morals and ethics. Therefore, when the scaled survey examines past thoughts, opinions, and feelings, subjects might have inadvertently distorted their responses because of the formalization process.

Given these limitations, the author believes that a preliminary concept was reasonably tested, suggesting value in further study and analysis.
Given the highly personalized nature of morals and ethics, the author was concerned that value judgements might have affected outcomes or interpretations. When reviewing highly internalized matters such as values, the author was concerned that some subjects were not forthcoming in their responses. Therefore, the relationship with subjects became central to this study. Thus, the author worked with those companies with which he had an established, high trust, relationship. This minimized the exposure to possible distortions.

The author recognized the potential dangers of such intimacy and structured the majority of the research in a manner to quantify results outside of potential bias. The author was aware of personal investment in the theories being studied and was quite prepared to discover either confirmation, or denial, (or perhaps both) of the central premises of this investigation.

This study examined possible determinants justifying formalized morals and ethics. There was no predilection for value weighting or judging the morals and ethics evolved within any given organization.

Finally, corporate morals and ethics is an emerging, major area of research. It would be unreasonable to expect any one project to address the entire realm of questions associated with the principles of corporate morals and ethics. In particular, the author conceives of controlled
studies in which corporations and the constituents are monitored throughout the process. Long term studies on the enduring effects of formalized programs are needed, and testing on the processes of post promulgation of ethics would be very helpful. This study, however, was limited to studying a controlled universe of companies who have experienced a particular style of moral and ethical statement development.

The author believes that any progress towards assisting American business grappling with the complexities of morals and ethics is worth the investment of study and investigation. This research shows promise, therefore, further research is encouraged for greater analysis and development of the themes.
CHAPTER TWO

Review of the Literature

Introduction

This study assumed that studies of morals and ethics, whether or not within the corporate environment, should examine the nature of such, as it applies to individuals and groups of individuals (societal). Companies, essentially groups of individuals (a small society) may be similar in nature and requirements as other forms of societies. The author concurs with Philip Hale’s statement of 1985:

Kant is very careful to point out - and this makes him one of the greatest figures in the history of the classic conception of ethics - that what we do to or for others is not central to ethics; the orderly conception of our own souls, our character, is what ethics seeks to achieve, and praises when it succeeds.

The corporate entity, perhaps more constrained by external influences, and maintaining greater fluidity in its stakeholders, than a communal society, may need to be more disciplined and thoughtful in its approach. This brings a strong focus to the 1988 statement of Robert B. Louden:

In order to fulfill any duty - to others or oneself - an agent must first, through an act of inner freedom, bring it about that his or her will is moved to act solely through pure practical reason.
The implication seems to be that corporations require not only an imperative for moral and ethical conduct, but also a rational consistent with the perceived survival requirements of the company. Will Durant is even more succinct:

The greatest problems of the moralist are first to make co-operation attractive, and then to determine the size of the whole or group with which he will counsel pre-eminent co-operation. A perfect ethic would ask the paramount co-operation of every part with the greatest - with the universe itself, or its essential life and order, or God; on that plane religion and morality would be one. But morality is the child of custom and the grandchild of compulsion; it develops co-operation only within aggregates equipped with force. Therefore all actual morality has been group morality.

The author was overwhelmed by the breadth and depth of research and other literature on the research topic. The fact that there is a well established journal (Journal of Business Ethics) is no small indicator. The greatest difficulty encountered was how to limit the review. Therefore, this review reflects itself in a substantial bibliography, a synopsis of interesting research and papers, and greater detail of a tight selection. The author grouped his review by elements of emphasis.
R. E. Ewin in 1991 put forth the argument that:

Corporations are moral persons to the extent that they have rights and duties, but their moral personality is severely limited. As artificial persons, they lack the emotional make-up that allows natural persons to show virtues and vices. That fact, taken with the representative function of management, places significant limitations on what constitutes ethical behavior by management.

This study suspects that the “fact” stated above may be moderated if the company is thought of as a social organism. While Ewin is correct in the assumption that a company cannot act on its own behalf (needing the agency of a person) the author believes that a company may be morally defined as a person by its stakeholders. In this manner, company agents may act as if the company is acting. In other words, the self interest of the company may find a method of expression that includes highly value laden statements and expectations. The author explored this concept in this study.

Ulrich and Thielemann published a paper in 1993 postulating that the primary focus of empirical research on managerial ethics must be on the basis for ethical decisions - in effect - the morals of the managers. Explicitly, they stated:
... what must be identified and understood are the *formal principles* or the *moral point of view* from which the interviewee puts his case and accepts or rejects concrete standards as legitimate or illegitimate.

David Selley proposed in 1994 that truly ethical organizations have ethical employees. This results in reduced fraud and other forms of theft and misconduct. In particular, ethical homogeny reduces the opportunity for employees to rationalize fraudulent behaviors. He further continues to state that while corporate ethics are an important strategic element of business development, creating the ethical reality is very difficult.

Badaracco and Webb (1995) conducted an interview style survey of Harvard MBA students. Their findings were that these students, 50% of whom were working, described a large gulf between their values and ethics, and those of their managers. Of note, and the author believes this to be an important factor, all of the interviewees were attending an elective class in ethics. This suggests a heightened awareness and interest in ethics.

The interviewees stated that in the majority, the companies for which they worked had some sort of published code of ethics, but that the codes had little to do with the realities of the workplace. In general, they had little confidence in ethics programs within corporations. The research went on to detail these results and other appropriate hypotheses.
This author suspects that it may be possible to establish useful codes of ethics by integrating them with morals. In addition, there may be a requirement for implementation processes not yet used by mainstream corporate America.
In 1988, Richard McArty tackled business ethics and law. His study determined that when companies assume the law is an adequate control for conduct, complications and errors arise. In part, he accesses the normative nature of both law and ethics as the principle contributing factor to the problems. He further implies that companies place profits ahead of law and ethics. While having little issue with the implicit co-relation of law and ethics, this study attempted to examine whether or not profits result before, or after, applications of ethical conduct.

In 1995 Beverly Gebber published a paper analyzing the state of ethics offices in larger corporate offices. Her findings indicate that as a relatively new phenomenon, many become ethics police. Confusion reigns in terms of how to apply lofty standards, and implement confusing statements. Many companies have created such offices to avoid, or diminish law suits, others perceive that some value may arise from these moves. Still, the greatest challenge is how to infiltrate a company with a common culture of moral and ethical behavior.

Patrick Murphy (1995) published the results of a mail survey he conducted concerning the existence of formal ethics codes in large, U.S. based companies. His questionnaire used a combination of multiple choice, scaled, and open ended questions. Sampling was from the 1992 Fortune
500 list of companies. Responses were solicited from the
“person in charge of ethics.” The useable returns of 30%
was considerably higher than similar studies of the 1980s.

Reviewing the findings of the study, the author agrees
with Murphy in that the use of codes is growing and that
codes are becoming explicit, with growing lists of penalties
for non compliance. There is also agreement with his
inference that these codes are primarily for risk aversion,
with little or no sharing of these codes with external
stakeholders. Murphy also noted the rise of legal
department participation in these codes.

The author suspects that the risk aversion tendencies
of these codes fits with the cynicism of the Harvard MBAs.
This research expands the notion of codes of ethics,
examining whether there is a rationale and mechanism that
may actually embed morals and ethics as part of a corporate
culture.
Social Responsibility

Julianne Nelson (1992) published a game based case study approach for teaching ethical dilemma resolution. Again, in a manner seemingly consistent with North American approaches to ethics, she provided a scoring basis centered on her own beliefs, rather than establishing a process that would allow students to conceptualize a larger form of ethics. In her own words:

Announce the point values assigned to the options chosen and announce the winner....The point values assigned below serve to rank the available options in light of my understandings of a manager’s duty of civility: I give more points to choices that honor the rights of individuals even if it means sacrificing short-run profits....The weakness of the approach is that students may disagree on a principled basis with the definition of individual rights used to “grade” the various options.

This study assumes that bias is normal behavior. Relating to previous discussion on the societal nature of morals and ethics, this study finds a method for studying the use (or non use) of ethics and morals without judging those values.
In 1988, Eric Reidenbach and Donald Robin published the results of a study suggesting that scientific forms of studies (scale item based) are limited in their applications to marketing issues. In specific, they believe that value oriented applications of ethics are complex and difficult to access in the corporate marketplace. The author takes little issue with this premise, yet suspects that by shifting the studies to the methodologies and applications of values, scaling may be more practical. In other words, it may be that research which concentrates more on the value systems may reveal more promising information and insight than research focusing on specifically applied values consistent with the belief structures of the particular researcher.

Brad Glosserman (1995) reported that the Minnesota Center for Corporate Responsibility finds:

that the market system works best when it is based on moral values. ...ethical behavior - has a profound impact on corporate performance and can even create a comparative advantage for companies....They must at all times...transcend...to build trust, confidence, and stability in business transactions.

The author suspects that companies who do business with others sharing a common culture, or system of beliefs, may be less vulnerable to predatory pricing, be more value oriented in sales, resolve customer complaints more readily,
and incur a lower cost of sales delivery. Through the use of open ended interviews, this research attempted to expand the notion of competitiveness increasing with formalized and well implemented morals and ethics.
CHAPTER THREE

Methodology

Overview

This study examined six organizations of different size, maturity and industrial focus which have recently (within the last three years) conducted a formalized process of moral and ethical development. The author was intimate with each of these organizations, and had access to all levels of ownership, management, and employees. The study attempted to quantify immediate and mid term results encountered by these organizations in both quantitative (profit) and qualitative (morale) areas.

To maintain appropriate levels of confidentiality, companies are only identified by their type. Financial statements were reviewed for changes in performance against external factors such as market conditions. A sampling of individuals were interviewed through a personal interview format. These responses are used to enhance the findings of the scaled survey. Results have been noted by company, and pooled by effectiveness classes (that is, how companies have performed during the survey periods). Subjective interviews of sample employees were conducted to provide
greater depth of understanding of the social implications of moral and ethical formalization within an organization. The study also attempted to identify some of the major impediments to the initiation of formal morals and ethics by an organization.

**Research Methods**

**Subjects**

Subject organizations are those which have completed a formalized process of implementing morals and ethics. Further selection is defined by access to the researcher, and willingness to participate in the research process. As the author has no custodial control of any submitted or published information, and due to extreme sensitivity and confidentiality of the some of the information studied, company names are not disclosed. The author studied the following organizations:

- Organization #1 County Office
- Organization #2 Concrete Manufacturer
- Organization #3 Original Entertainment Music
- Organization #4 Advertising Design
- Organization #5 Management Consulting
- Organization #6 Health Care Insurance Company
- Organization #7 Warehouse Distribution
The range of size and types of organizations provided sampling beyond industry specialization. Although none of these entities exceeds 500 employees in size, some are sophisticated international operators, and all have formally addressed both morals and ethics.

Employees, owners and managers within each participating organization were surveyed. Selection for survey was based upon knowledge of company operations, employee attitudes and status, and some form of involvement throughout the morals and ethics implementation process. Personal interviews were conducted based upon access to knowledgeable sources within each organization. Personal interviews attempted to sample 10% of personnel in each company.
Instruments, Apparatus, or Materials

Open Interview Process for Subjective Interviews

This procedure was used to provide background to the survey and suggest other areas for ongoing research. In particular, interviews examined expectations of managers concerning morals and ethics, impressions of the implementation process, and areas of concern and/or fears not covered by surveys. Explanations of financial results were also sought to provide more detail of actual performance to the bottom line. Appendix C contains the questionnaire form of the open sessions. Interviewees were given a disclosure, confidentiality and consent form prior to each session (Appendix B).

Structured, Scaled Survey

This survey was broadly distributed. A multiple choice format was chosen to limit unrelated responses and encourage completion of all questions. Survey questions were structured to analyze specific Determinant conditions. Participants received a disclosure and confidentiality statement with each survey form (Appendix D). Participation consent was indicated by completion of the questionnaire.
The author reviewed the widest base possible, with employers distributing the form to all employees.

**Financial Statement Review**

As appropriate, the researcher used summary form financial results to illustrate specific changes in the financial conditions of the organizations surveyed. In the absence of such information, the researcher used other financial indicators (such as market share) or information developed in the open interviews. In some instances, organizations did not have adequate time from their morals and ethics implementation point to provide specific financial results. In these instances, perceived changes and market responses were used. Appendix G indicates the specific financial results the researcher considered relevant.
Procedures

Initial contact to organizations was conducted by a letter to the chief executive explaining the purpose of the study and requesting an interview. Appendix A contains a sample of the letter. During the initial interview, the chief executive of each organization received specific procedural statements, including guarantees of confidentiality. Each company appointed a liaison with the researcher. Participating companies received a summary of the results of their organization responses (without identifying specific sources).

Company managers were typically responsible for distributing and collecting surveys. A cover memo of explanation was created by each senior officer of the organization surveyed. Appendix E illustrates a sample form the researcher encouraged for use. This form was generally utilized with few modifications. A survey disclosure on participation and confidentiality was included with each questionnaire (see Appendix D). Participation in the survey constituted consent. As a totally blind response, the researcher did not have direct knowledge of specific responses other than response categorizations. A response envelope (included in Appendix D) ensured confidentiality for the responder.
Open interviews were conducted concurrently with the structured survey. Interviewees were selected in cooperation with the chief executive of each organization. Interviews were conducted in private offices on organization grounds. Only those employees willing to participate freely in the open interviews were selected. Typically, interviewees came from all levels within the organization. All interviewees were required to read and sign the consent form (Appendix B) prior interview commencement.
Structured survey questions were grouped according to relevance to the major **Determinant** categories studied. Each question was paired, one asking about perceptions and attitudes before the formalization of morals and ethics; the other queried the period after formalization. All questions were grouped by time sequence rather than by pairing. Tables detailing responses to the scaled survey indicate question pairing and the determinant category to which they apply.

Scaling responses within determinant groupings provided an opportunity for inferences concerning the appropriateness of each determinant, and whether or not a particular determinant is valuable. All responses were collectively studied to infer whether or not the programs of the organizations effected positive changes in organizational performance.

Perceptual changes shown in the structured survey were compared to financial results to determine variances between subjective and objective performance conditions.
Finally, open interview responses were summarized, with those supporting scaled surveys grouped separately from those in which scaled surveys were not conducted.

Collectively these findings provide inferences on the impact of formal morals and ethics in organizations, and specific inferences on the impact of procedures and strategies used by the subject organizations.

**General Background**

Each organization (company) created its formalized morals and ethics at different stages in their development and at different points in time. However, commonality is found in that each organization established its core values and beliefs (morals) and ethics under the following conditions:

- their organizations were at a crisis point at which some kind of new behavior was important
- morals and ethics were formalized in concert with a new strategic plan
- executives of these organizations had not predetermined a need for moral and ethical statements with strategic plans.

Variances occur in that each CEO had a different level of commitment, organizations designed and implemented morals
and ethics in dissimilar fashions, and organizations varied widely in type, industry and size.

Therefore, from the perspective of this research, an opportunity existed to study a concept and a process against variables such as management intent and involvement.

The following is a brief synopsis of each organization relative to the formation and implementation of formalized morals and ethics.

**Organization #1**

This organization is a government agency operating under extreme pressure and responsibilities. It has a very direct relationship with constituents. The CEO of the organization embraced the concept of morals and ethics, finding it consistent with her intuitive thoughts about the manner in which business should be conducted. Her managers also shared this philosophy. This organization was rigorous in communicating the formalized morals and ethics to the employees of the organization, and used these statements consistently, both in handling external matters as well as in managing staff. Approximately two years had passed between the time of moral and ethical statement formalization and the conduct of this study.
Organization #2

This company implemented its moral and ethical statements approximately one year ago. There was no senior management involvement in the process, save for allocating time for employees to serve on the design committee. There was no follow up training and the published morals and ethics have generally not been referred to, nor consciously used, by a majority of the company.

Organization #3

It has been three years since this company formalized its morals and ethics. The senior executives of the company participated in their formalization. However, there was no attempt to translate these statements to other employees. The statements seem to be only used annually at strategic meetings, or when there is a major conflict amongst senior executives. There has been some direction of the marketing effort based upon the desirability to do business with like minded organizations.

Organization #4
This company implemented its formal morals and ethics about 15 months prior to this study. Design and implementation was at an owner level. Commitment to the process was complete. The company is extremely rigorous in maintaining its standards and communicating these statements regularly to all stakeholders.

Organization #5

This company implemented its formalized statements approximately four years ago. Its implementation was at an owner level. Commitment to the statements is high, with continued reinforcement and training. As some clients did not fit with the new standards, the company was forced to alter its client mix after accepting their formalized morals and ethics. All potential clients are evaluated against these morals and ethics. Those not fitting the culture are not accepted as clients.

Organization #6

This organization invested heavily in creating its morals and ethics. Several hundred man-hours of employee and management time was spent on ensuring that important values were developed, with all employees understanding the
meanings of the statements, and participating in the process. Concerns existed that its head office might not go along with the program. However, employees felt so strongly about the need for morals and ethics that they persisted. Approximately two weeks after publishing the formalized statements, head office disavowed all of their efforts, forcing the company to revert to lower standards of behavior. No credit or acknowledgment of the investment in the morals and ethics process was given. The business plan developed by the region in concert with the morals and ethics was similarly discounted and disregarded by corporate officers.

Organization #7

Formalized morals and ethics were created by the CEO and senior managers approximately one and half years before this study. However, senior managers were not franchised in the meeting, rather they merely consented to the statements of the CEO. There was no further work on the statements once formalized, nor were they published in any manner, nor communicated to the employees.

Morals and Ethical Formalization Process
All organizations used a similar process for design and formalizing their morals and ethics. Prior to the process, all organizations had developed employee handbooks and codes of conduct (sometimes called ethics). None of the organizations had a formalized strategic plan.

Each organization was at a transition point, attempting to deal with major business issues. They were encouraged by an external facilitator to create formalized morals and ethics as part of the strategic planning process. While not convinced of value of the exercise they agreed to try it. The facilitator then conducted a series of meetings with selected "ethics committees". Members to the committees were either appointed by the CEO, or were volunteers. In most instances the committees represented approximately ten percent of the employee population. Senior management involvement varied and is noted in the discussions of results. The facilitator trained the committee members on the nature of morals and ethics and the manner in which these statements fit into overall company processes. Committee members were responsible for communications with the rest of the company. During following meetings committee members developed statements of core values and beliefs (morals), followed by ethical statements. At all times committee members were encouraged to solicit consensus from the remainder of organization members. Samples of the
resulting statements are found in Appendix H. Once completed moral and ethical statements were submitted to senior management for endorsement and implementation. Implementation processes varied widely and are described in following sections.

**Scaled Survey**

The scaled surveys were designed to test all of the Determinants except the **Determinant of Relative/Relational Decision Making**. Scaled responses did not include a representative number of senior executives. Therefore, questions related to executive decision making were attached to the grouping of Executive control. The research believes that if junior managers are making more qualified and “safer” decisions, senior management, or executive control, increases. Thus, from the responses to questions related to Executive Control, and from interviews with CEOs in the study group, this research was able to reach some formative conclusions addressed in Chapter 5.

The following tables report the results of these scaled, structured surveys.
Let the responses of question # I be $X_i$. Since we have 99 questions, so we have $X_1 - X_{99}$.

The mean scales of the survey as following:

Table 1. Means of the Questionnaire Scale

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<th>Mean</th>
<th>Std. Dev.</th>
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Test 1. “Answers number 1 to 50 are for the period before the publication of morals and ethics. Questions 51 and beyond are for the period after. Therefore, each set of questions should be packaged in before and after.”

Table 2. Student t-test for the Determinant of executive control

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<th>Conclusion</th>
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<td></td>
<td>$\bar{D} = \bar{X}<em>{22} - \bar{X}</em>{23} = 0$</td>
<td>-1.974</td>
<td>35</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{28} - \bar{X}</em>{29} = 0$</td>
<td>0.702</td>
<td>36</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{36} - \bar{X}</em>{37} = 0$</td>
<td>0.719</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{37} - \bar{X}</em>{38} = 0$</td>
<td>0.491</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{38} - \bar{X}</em>{39} = 0$</td>
<td>1.826</td>
<td>21</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{39} - \bar{X}</em>{40} = 0$</td>
<td>0.679</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{44} - \bar{X}</em>{45} = 0$</td>
<td>0.000</td>
<td>19</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{45} - \bar{X}</em>{46} = 0$</td>
<td>0.000</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{47} - \bar{X}</em>{48} = 0$</td>
<td>-0.768</td>
<td>23</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>
Table 3. Student t-test for the Determinant of maximized employee productivity

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{x}<em>{7} - \bar{x}</em>{84} = 0$</td>
<td>0.190</td>
<td>38</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{8} - \bar{x}</em>{85} = 0$</td>
<td>2.634</td>
<td>38</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{12} - \bar{x}</em>{89} = 0$</td>
<td>2.513</td>
<td>38</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{15} - \bar{x}</em>{92} = 0$</td>
<td>2.437</td>
<td>38</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{16} - \bar{x}</em>{93} = 0$</td>
<td>2.911</td>
<td>37</td>
<td>There is a difference between two periods at 1% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{17} - \bar{x}</em>{94} = 0$</td>
<td>0.552</td>
<td>37</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{25} - \bar{x}</em>{51} = 0$</td>
<td>6.373</td>
<td>51</td>
<td>There is a difference between two periods at 1% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{26} - \bar{x}</em>{52} = 0$</td>
<td>-1.405</td>
<td>37</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{46} - \bar{x}</em>{73} = 0$</td>
<td>0.793</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{47} - \bar{x}</em>{74} = 0$</td>
<td>-0.418</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>
Table 4. Student t-test for the Determinant of shareholder acceptance

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D}=\bar{x}<em>{10}-\bar{x}</em>{87}=0$</td>
<td>0.190</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{21}-\bar{x}</em>{88}=0$</td>
<td>0.373</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>

Table 5. Student t-test for the Determinant of lower overhead burdens

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D}=\bar{x}<em>{2}-\bar{x}</em>{79}=0$</td>
<td>2.572</td>
<td>38</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{3}-\bar{x}</em>{80}=0$</td>
<td>1.871</td>
<td>36</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{6}-\bar{x}</em>{83}=0$</td>
<td>2.415</td>
<td>36</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{18}-\bar{x}</em>{95}=0$</td>
<td>0.000</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{19}-\bar{x}</em>{96}=0$</td>
<td>-0.424</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{20}-\bar{x}</em>{97}=0$</td>
<td>-0.849</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{40}-\bar{x}</em>{66}=0$</td>
<td>1.746</td>
<td>21</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{41}-\bar{x}</em>{67}=0$</td>
<td>1.627</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{42}-\bar{x}</em>{69}=0$</td>
<td>-1.000</td>
<td>18</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{43}-\bar{x}</em>{70}=0$</td>
<td>-2.051</td>
<td>19</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
</tbody>
</table>
Table 6. Student t-test for the Determinant of competitive advantage

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{X}<em>4 - \bar{X}</em>{81} = 0$</td>
<td>1.327</td>
<td>36</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>5 - \bar{X}</em>{82} = 0$</td>
<td>0.747</td>
<td>36</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{14} - \bar{X}</em>{91} = 0$</td>
<td>2.727</td>
<td>37</td>
<td>There is a difference between two periods at 1% significant level</td>
</tr>
</tbody>
</table>

Table 7. Student t-test for the questions concerning effectiveness of implementation

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{X}<em>{29} - \bar{X}</em>{55} = 0$</td>
<td>1.641</td>
<td>37</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{30} - \bar{X}</em>{56} = 0$</td>
<td>5.147</td>
<td>37</td>
<td>There is a difference between two periods at 1% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{31} - \bar{X}</em>{57} = 0$</td>
<td>5.917</td>
<td>37</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{32} - \bar{X}</em>{58} = 0$</td>
<td>0.000</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{33} - \bar{X}</em>{60} = 0$</td>
<td>2.004</td>
<td>26</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{34} - \bar{X}</em>{59} = 0$</td>
<td>1.231</td>
<td>25</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{35} - \bar{X}</em>{61} = 0$</td>
<td>-0.892</td>
<td>35</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{48} - \bar{X}</em>{75} = 0$</td>
<td>0.000</td>
<td>21</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{X}<em>{50} - \bar{X}</em>{76} = 0$</td>
<td>-0.617</td>
<td>22</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>
Test 2. “Does the level of employee affect the perception of responses. Question #35 establishes employment by position for the period before, question #61 for the period after. In addition to study responses by company, examine responses by organizational position.”

Let the responses of question #35 be \( X_{35} \), and the responses of question #61 be \( X_{61} \). Since there is a repeated random sample from two normal and dependent samples, and the test is the mean of the paired differences of the effects (“the period before” and “the period after”), Student t-test is used to test if there is a significant difference between two means of two correlated groups.

First, in total sample, there are 35 pairs of observations.

**Hypotheses**
- \( H_0 : \bar{X}_{35} = \bar{X}_{61} \), there is no difference between means;
- \( H_A : \bar{X}_{35} \neq \bar{X}_{61} \), there is a difference between means.

**Observed values**
Let \( D = X_{35} - X_{61} \) and \( \bar{D} = \bar{X}_{35} - \bar{X}_{61} \),

We have \( \bar{D} = \bar{X}_{35} - \bar{X}_{61} = -0.1142857 \), \( S_D = 0.758149 \), and \( N = 35 \).

\[
\frac{t_{\text{obs}}}{S_D/\sqrt{N}} = -0.8918079
\]

**Critical value**
Let \( \alpha = 0.05 \), two-tail, \( \text{df} = N-1 = 34 \), then \( t_{\text{crit}} = 1.960 \).

**Conclusion**
Since \( |t_{\text{obs}}| < t_{\text{crit}} \), we fail to reject the null hypothesis, and we conclude that the level of employee does not significantly affect the perception of responses between the two periods.
Second, by company. Use the same procedure to test the company samples (see Table 1).

Table 8. Student t-test for Q#35 and Q#61

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{X}<em>{35} - \bar{X}</em>{61} = 0$</td>
<td>-0.8918</td>
<td>35</td>
<td>There is no significant difference in effects between two periods</td>
</tr>
<tr>
<td>Company 1</td>
<td>$\bar{D} = \bar{X}<em>{35} - \bar{X}</em>{61} = 0$</td>
<td>-. -</td>
<td>1</td>
<td>Not enough observations to test</td>
</tr>
<tr>
<td>Company 2</td>
<td>$\bar{D} = \bar{X}<em>{35} - \bar{X}</em>{61} = 0$</td>
<td>0.</td>
<td>14</td>
<td>There is no significant difference in effects between two periods.</td>
</tr>
<tr>
<td>Company 3</td>
<td>$\bar{D} = \bar{X}<em>{35} - \bar{X}</em>{61} = 0$</td>
<td>0.8254</td>
<td>20</td>
<td>There is no significant difference in effects between two periods.</td>
</tr>
</tbody>
</table>
Test 3. “The next question is whether or not participating in the morals and ethics committee affected responses. Questions 58, 59, 60 deal with question after publication, question 32, 33, 34 deal with the before period.”

Let the responses of question #32 be $X_{32}$,
the responses of question #33 be $X_{33}$,
the responses of question #34 be $X_{34}$,
the responses of question #58 be $X_{58}$,
the responses of question #59 be $X_{59}$, and
the responses of question #60 be $X_{60}$.

Since there is a repeated random sample from two normal and dependent samples, and we are testing the mean of the paired differences of the effects (“before publication” and “after publication”), use Student t-test to test if there is a significant difference between two means of two correlated groups.

Where, the first pair is $X_{32}$ and $X_{58}$; the second pair is $X_{33}$ and $X_{59}$; the third pair is $X_{34}$ and $X_{60}$.

The results are in Table 2, 3, and 4 as following:

Table 9. Student t-test for Q#32 and Q#58

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{X}<em>{32} - \bar{X}</em>{58} = 0$</td>
<td>0.</td>
<td>35</td>
<td>There is no significant difference in effects between two periods</td>
</tr>
<tr>
<td>Company 1</td>
<td>$\bar{D} = \bar{X}<em>{32} - \bar{X}</em>{58} = 0$</td>
<td>-.</td>
<td>1</td>
<td>Not enough observations to test</td>
</tr>
<tr>
<td>Company 2</td>
<td>$\bar{D} = \bar{X}<em>{32} - \bar{X}</em>{58} = 0$</td>
<td>-2.152</td>
<td>16</td>
<td>There is a significant difference in effects between two periods. Participation does affect the responses that $\bar{X}<em>{58}$ is higher than $\bar{X}</em>{32}$.</td>
</tr>
<tr>
<td>Company 3</td>
<td>$\bar{D} = \bar{X}<em>{32} - \bar{X}</em>{58} = 0$</td>
<td>1.917</td>
<td>18</td>
<td>There is no difference in effects between two periods at 90% significant level.</td>
</tr>
</tbody>
</table>
Table 10. Student t-test for Q#33 and Q#60

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>( t_{obs} )</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>( \bar{D} = \bar{X}<em>{33} - \bar{X}</em>{60} = 0 )</td>
<td>2.005</td>
<td>26</td>
<td>There is a significant difference in effects between two periods. Participation does affect the responses that the average scale of ( X_{60} ) is lower than the average scale of ( X_{33} ). Most of the effects come from company 3.</td>
</tr>
<tr>
<td>Company 1</td>
<td>( \bar{D} = \bar{X}<em>{33} - \bar{X}</em>{60} = 0 )</td>
<td>( \sim )</td>
<td>1</td>
<td>Not enough observations to test</td>
</tr>
<tr>
<td>Company 2</td>
<td>( \bar{D} = \bar{X}<em>{33} - \bar{X}</em>{60} = 0 )</td>
<td>0.552</td>
<td>8</td>
<td>There is no significant difference in effects between two periods.</td>
</tr>
<tr>
<td>Company 3</td>
<td>( \bar{D} = \bar{X}<em>{33} - \bar{X}</em>{60} = 0 )</td>
<td>2.063</td>
<td>17</td>
<td>There is a significant difference in effects between two periods. Participation does affect the responses that ( \bar{X}<em>{60} ) is higher than ( \bar{X}</em>{33} ).</td>
</tr>
</tbody>
</table>
Table 11. Student t-test for Q#34 and Q#60

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>( t_{obs} )</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>( \bar{D} = \bar{X}<em>{34} - \bar{X}</em>{59} = 0 )</td>
<td>1.231</td>
<td>25</td>
<td>There is no significant difference in effects between two periods.</td>
</tr>
<tr>
<td>Company 1</td>
<td>( \bar{D} = \bar{X}<em>{34} - \bar{X}</em>{59} = 0 )</td>
<td>-.-</td>
<td>0</td>
<td>No observations to test</td>
</tr>
<tr>
<td>Company 2</td>
<td>( \bar{D} = \bar{X}<em>{34} - \bar{X}</em>{59} = 0 )</td>
<td>-0.199</td>
<td>12</td>
<td>There is no significant difference in effects between two periods.</td>
</tr>
<tr>
<td>Company 3</td>
<td>( \bar{D} = \bar{X}<em>{34} - \bar{X}</em>{59} = 0 )</td>
<td>3.411</td>
<td>13</td>
<td>There is a significant difference in effects between two periods. Participation does affect the responses that ( \bar{X}<em>{59} ) is lower than ( \bar{X}</em>{34} ).</td>
</tr>
</tbody>
</table>
Test 4.  “Does the amount of time spent answering the questions reflect in the answers. The last question, 98, deals with this. Account for those who did not answer the first 50 questions. (If an employee was not on board prior to the publication of formalized morals and ethics, s/he did not answer the first 50 questions)”

For question #98, let the responses who were on board be $X_1$ and responses who were not on board be $X_2$. Since we have two normal and independent samples (employees who were on board and who were not on board), and we are testing the difference between the means of the responses from these two different groups, we should use Student t-test to test if there is a significant difference between two means of two independent groups.

**Hypotheses**

- $H_0 : \bar{X}_1 = \bar{X}_2$, there is no difference between means;
- $H_\lambda : \bar{X}_1 \neq \bar{X}_2$, there is a difference between means.

**Observed values**

We have $X_1 = 1.811, S_1 = 0.877, \text{and } N_1 = 37$; $X_2 = 1.357, S_2 = 0.497, \text{and } N_2 = 14$.

\[
 t_{\text{obs}} = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{1}{N_1} + \frac{1}{N_2}}} = \frac{(N_1 - 1)S_1^2 + (N_2 - 1)S_2^2}{N_1 + N_2 - 2} = -1.821
\]

**Critical value**

Let $\alpha = 0.05$, two-tail, df = “smaller of $N_1 - 1$ and $N_2 - 1$.” = 13, then $t_{\text{crit}} = 2.160$.

Let $\alpha = 0.10$, two-tail, df = “smaller of $N_1 - 1$ and $N_2 - 1$.” = 13, then $t_{\text{crit}} = 1.771$.

**Conclusions**

Since $| t_{\text{obs}} | < t_{\text{crit}}$ (1.821 < 2.160), we fail to reject the null hypothesis, and we conclude that there is no difference between the amount of time spent on the questionnaire for different groups (on board and not on board) at the 5% significant level.

Since $| t_{\text{obs}} | > t_{\text{crit}}$ (1.821 > 1.771), we reject the null hypothesis, and we conclude that there is a difference between the amount of time spent on the questionnaire for different groups (on board and not on board) at the 10% significant level.
Test 5.

Testing the Determinants for Organization #1 only (Org. 1)

Table 12. Student t-test for the determinant of executive control - Org. 1

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$D=\bar{X}<em>1 - \bar{X}</em>{71} = 0$</td>
<td>0.676</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>9 - \bar{X}</em>{66} = 0$</td>
<td>0.269</td>
<td>15</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{13} - \bar{X}</em>{90} = 0$</td>
<td>2.739</td>
<td>16</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{27} - \bar{X}</em>{33} = 0$</td>
<td>-1.464</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{24} - \bar{X}</em>{44} = 0$</td>
<td>0.565</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{36} - \bar{X}</em>{62} = 0$</td>
<td>1.987</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{37} - \bar{X}</em>{63} = 0$</td>
<td>1.414</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{38} - \bar{X}</em>{64} = 0$</td>
<td>1.732</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{39} - \bar{X}</em>{65} = 0$</td>
<td>1.732</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{44} - \bar{X}</em>{71} = 0$</td>
<td>0.293</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{45} - \bar{X}</em>{72} = 0$</td>
<td>1.000</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D=\bar{X}<em>{49} - \bar{X}</em>{77} = 0$</td>
<td>-1.177</td>
<td>5</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>
Table 13. Student t-test for the determinant of maximized employee productivity - Org. 1

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$D = \bar{X}<em>7 - \bar{X}</em>{64} = 0$</td>
<td>0.716</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>8 - \bar{X}</em>{85} = 0$</td>
<td>1.447</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{12} - \bar{X}</em>{89} = 0$</td>
<td>1.576</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{15} - \bar{X}</em>{92} = 0$</td>
<td>1.649</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{16} - \bar{X}</em>{93} = 0$</td>
<td>2.197</td>
<td>15</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{17} - \bar{X}</em>{94} = 0$</td>
<td>-0.323</td>
<td>15</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{25} - \bar{X}</em>{51} = 0$</td>
<td>3.211</td>
<td>21</td>
<td>There is a difference between two periods at 1% significant level</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{26} - \bar{X}</em>{52} = 0$</td>
<td>0.000</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{46} - \bar{X}</em>{73} = 0$</td>
<td>0.577</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$D = \bar{X}<em>{47} - \bar{X}</em>{74} = 0$</td>
<td>0.000</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>
Table 14. Student t-test for the determinant of shareholder acceptance - Org. 1

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{x}<em>{10} - \bar{x}</em>{87} = 0$</td>
<td>0.641</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{11} - \bar{x}</em>{88} = 0$</td>
<td>0.675</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>

Table 15. Student t-test for the determinant of lower overhead burdens - Org. 1

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D} = \bar{x}<em>{2} - \bar{x}</em>{29} = 0$</td>
<td>2.070</td>
<td>16</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{3} - \bar{x}</em>{30} = 0$</td>
<td>1.665</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{6} - \bar{x}</em>{33} = 0$</td>
<td>2.463</td>
<td>7</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{18} - \bar{x}</em>{95} = 0$</td>
<td>0.525</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{19} - \bar{x}</em>{96} = 0$</td>
<td>0.924</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{20} - \bar{x}</em>{97} = 0$</td>
<td>0.322</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{40} - \bar{x}</em>{66} = 0$</td>
<td>2.191</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{41} - \bar{x}</em>{57} = 0$</td>
<td>2.191</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{42} - \bar{x}</em>{69} = 0$</td>
<td>-1.732</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D} = \bar{x}<em>{43} - \bar{x}</em>{70} = 0$</td>
<td>-2.449</td>
<td>4</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
</tbody>
</table>
Table 16. Student t-test for the determinant of competitive advantage - Org. 1

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D}=\bar{x}<em>4 - \bar{x}</em>{81} = 0$</td>
<td>1.472</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>5 - \bar{x}</em>{62} = 0$</td>
<td>2.121</td>
<td>14</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{14} - \bar{x}</em>{91} = 0$</td>
<td>1.000</td>
<td>5</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>

Table 17. Student t-test for the questions concerning effectiveness of implementation - Org. 1

<table>
<thead>
<tr>
<th>Sample</th>
<th>Null Hypothesis</th>
<th>$t_{obs}$</th>
<th>N</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$\bar{D}=\bar{x}<em>{29} - \bar{x}</em>{55} = 0$</td>
<td>1.641</td>
<td>37</td>
<td>There is a difference between two periods at 10% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{30} - \bar{x}</em>{56} = 0$</td>
<td>0.000</td>
<td>16</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{31} - \bar{x}</em>{57} = 0$</td>
<td>3.337</td>
<td>16</td>
<td>There is a difference between two periods at 1% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{32} - \bar{x}</em>{58} = 0$</td>
<td>-2.150</td>
<td>16</td>
<td>There is a difference between two periods at 5% significant level</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{33} - \bar{x}</em>{60} = 0$</td>
<td>0.552</td>
<td>8</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{34} - \bar{x}</em>{59} = 0$</td>
<td>-0.200</td>
<td>12</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{35} - \bar{x}</em>{61} = 0$</td>
<td>0.000</td>
<td>14</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{48} - \bar{x}</em>{75} = 0$</td>
<td>0.000</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
<tr>
<td></td>
<td>$\bar{D}=\bar{x}<em>{50} - \bar{x}</em>{76} = 0$</td>
<td>0.000</td>
<td>4</td>
<td>No significant differ.</td>
</tr>
</tbody>
</table>
Personal Interviews

Personal interviews were conducted in all seven companies. Three companies (Organizations #1,2,3) had also conducted the scaled survey. Personal interviews conducted in these companies followed the questionnaire in Appendix C. The following are responses to interview questions as reported in companies responding to scaled surveys.

Of note, all interviewees were volunteers and shared a high level of interest in the topic.

Personal Interviews of Companies CompletingScaled Surveys

As there was considerable homogeny in answers to the questions the following are composites of all responses. It is noted that all interviewees were volunteers and appeared highly interested in the topic.

Q. What are your general feelings about morals and ethics in a company?

A. Morals and ethics have everything to do with the individual. While it is not possible for employees to be completely homogenous in their beliefs, the company should define how business is to be conducted.
Q. How competitive do you feel your company is?

A. Very

Q. Has its competitiveness grown, remained the same, or diminished since the formal and ethics statements were published?

A. Generally no difference.

Q. Do you think your company has done all that it should have in implementing these statements?

A. No.

Q. What do you think can be done that is not being done?


Q. Have you disclosed these statements to other stakeholders?

A. Not very often.
Q. What has been their response?


Q. What level of the company should have been included in creating the statements?

A. All levels.

Q. Would it have been possible to create the statements without outside coaching and guidance?

A. No.

Q. Why?

A. It is too hard to separate lines of authority. Also it is hard to understand new concepts and ensure common ground without outside help.

Q. What are some of the factors affecting implementation of the morals and ethics statements?
A. Follow up, training and support. Personal commitment and leadership from senior management. Consistency in implementation.

Q. What is your general impression of morale changes as a result of the process?

A. Very positive when followed up and supported by senior management. Very exciting. Creates greater sense of personal safety because “I know where the company is coming from”.

Q. Do you see what your company has done in morals and ethics as an end point, or beginning?

A. Beginning.

Q. Why?

A. The company cannot just say it has them and stop. Everyone needs continued support and reinforcement. New hires need to be trained. The company must continue to revisit these values all the time. This is a living thing.

Q. How did this process affect you as an individual?
A. Very positively.
Q. Why?

A. It made me think about what is important to me. It made me feel proud to work here. My friends and family have a hard time believing that we feel this way at work. I feel very safe working here now. I have a better understanding of why some hard decisions are made like they are. Things are much fairer now.

Q. What question should I have asked that I didn’t?

Q.1 - Do I think it is important?

A.1 Yes, because it says the company is looking out for the welfare of the employee, not just profit.

It tells me what the company worries about and feels is important.

Q.2 - Why did I volunteer?

A. Because it is an opportunity to provide input and to find out what is going on. Another opportunity to learn something new.
Q.3 - What does it do to me as an employee?

A. Forces me to look at my own standards. Will my morals and values meet with, or clash with, what the company feels and believes is important.

Q.4 - Why is it easier to work with these things in place?

A. Words, misunderstanding them, cause a lot of problems. Having these statements helps us to understand more clearly what important words like “fair” really mean. It forces us to try and understand more about what others are really saying.

Q.5 - Where do we go from here?

A. We should push for policy level buy in. We need to screen new hires for common values. We need high integrity people leading the company. We need to do things ethically for the right reasons, not because we are trying to avoid law suits.
Q.6 - What really excites me about what we are doing?

A. Other government departments are watching us. We are really doing it. It is exciting to tell everyone that I work in a place like this.

Q.7 - What did it do for our company?

A. Production went up dramatically. Everyone understands that there is a direct connection between the pay check and the quality of effort given the company. The sense of “fairness” is important to everyone and they feel that we are now fair.

Q.8 - What are other benefits?

A. It helps to help others evolve as human beings. We now have value added relationships based upon core values.
Personal Interviews Without Scaled Surveys

Personal interviews in companies which were not surveyed with the scaled survey tended to follow a looser pattern, examining the specific concerns of the senior managers or owners. These interviews were conducted with CEOs only. As these interviews were the only source of data on these companies (organizations #4, 5, 6, 7), responses are reported individually and by company.

Organization #4

Morals and ethics are essential and not to be comprised. We make a point of our values, and present them daily to all of our stakeholders. It makes it a lot easier to deal with customers when they know where we come from. This is especially true when dealing with abstracts such as creative design. Our customers and suppliers respond very favorably to our statements of values. As a result, we have fewer misunderstandings and generally bill much higher than we used to.

It is essential for all levels of the company to be involved in the process of creating and using morals and ethics. I always knew what I believed in, but had never set these values out in a written form. Once I did that, it
became clear that we were doing business with some companies who did not share these beliefs. When we stopped that activity the business became fun again and our profitability went up. Interestingly, our client base has evolved quickly to match our values.

Like any skill, morals and ethics takes constant practice and use to be effective.

**Organization #5**

We thought we knew what we were doing when this business started ten years ago. However, we just didn’t seem to make much progress. Business seemed hard, and we spent a lot of time worrying about things like getting paid for what we did. It was very hard to decide on a course of action for the business. Consulting is a difficult business to try and define like other businesses.

Well, after a few hard starts, we finally set out what we believed and how we were going to do business. It became quite clear that we were going to have to change our client mix if we were actually going to do business like we said we were going to. After we overcame our fear, we were able to make some changes. We were quite surprised to find that our business actually increased and that our effective hourly rate quadrupled in less than two years.
Now that it has been a few years, we find that whenever business starts to get “hard,” we have strayed from our core values and beliefs. Once we get back on track things work out and we go forward. It takes a lot of courage to actually implement business based upon core values, but I can’t see how it would be possible to succeed with any measure of fun otherwise.

The only other thing I would add is that successful habits are just that - habits. To make a new habit it is important to practice and keep doing the new behavior, and make sure that you don’t take your eye off of the objective. It is only too easy to slide back into the old bad habits. The one thing that keeps us on track is that it is too uncomfortable to go back to our old behaviors.

Organization #6

What’s the point of doing anything? Nobody here cares anymore. We are all just going through the motions now. Head office really doesn’t care, and now, neither do we. Actually, they have made it clear that it is just the money that counts. Too bad that they don’t realize that what they are doing will only hurt them and our stakeholders.

Well, for my part, I am just going to hang on long enough to take what I can get, then I’m out of here. As a
friend of mine said, “If you are going to get screwed, you might as well get paid for it.” A lot of the good people have already left. It is pretty disappointing and discouraging.

**Organization #7**

I have been disappointed in the results of my company. I can’t seem to get my managers to step up to what we need to do.

We need to do everything right by the customer. The customer is extremely important to us. Without the customer we have nothing. We also have a responsibility to our customers to ensure that they continue in business as we have placed ourselves in a position of trust. In effect our customer is dependent upon us for their existence.

I really don’t care about the customers. In fact, I really don’t like this business and I really don’t like our customers. It wouldn’t bother me at all to sell out if I knew what else to do with my time and money.

I want to do something for my employees. They have worked hard for me, and have been really loyal. I have a good bunch of people. They deserve to be rewarded for what they have done. They are like a family to me.
If I sell my company I don’t owe anything to my employees. I gave them a good job and it was all my own risk and money.

This business is changing. A good company will make a lot of money. It is essential for us to become more to our customers. If we do this we will continue to control the market.

There is no future in this business. Distributors like us are a dying breed. Pretty soon we will be out of business.

As I grew up, a survival skill was disseminating the truth. I really wasn’t truthful to anyone, including myself, about what was going on and how things really were. I suppose it is the nature of things. I would like to not be that way. In a way, I probably denied everything. It is a hard habit to break after almost fifty years.
Financial Results

This study encountered several difficulties analyzing the financial impact of formalized morals and ethics. Some of these were: study intervals were not consistent with company reporting, companies made other dramatic changes to their business during the study periods (such as the sale of a division), business mixes were changed, and in some cases, the period of lapsed time since the process has not been sufficient for meaningful analysis. Despite these hurdles, information has been found to provide some sense of financial performance and is presented in narrative form.

Organization #1

At the time of formalization of core values, this government department experienced an overall work load increase of about 10% over the previous year, together with a 15% staffing cutback.

Two years later, at the time of this study, they have eliminated most work related stress, perform with normal work hours, and are considering a voluntary reduction of staff. They now process considerably more data and work than in previous years. Staff turnover has dropped from
about 20% to less than 5%. Processing errors have dropped from 5% to no measurable errors.

**Organization #2**

There has been no measurable direct change in the financial performance of this company during the year since core values were published. The company has been reorganizing and restructuring, including the sale of one operating division.

**Organization #3**

The organization has increased sales revenues by 25% per annum since first publishing core values. Net income has moved from 8% of sales to 18%. The company has also significantly upgraded its type of client from smaller regional companies to major networks, both domestic and international. Share values have increased four fold in this time frame.

**Organization #4**

In the one year interval since implementing core values this organization has doubled its effective billing rate and
eliminated bad debt. Closing percentages on proposals have
gone from 35% to 95%. The organization reports that it is
now fully booked for the next six months. Net operating
income has doubled in this period.

**Organization #5**

This company experienced a compound growth rate of 20%
per annum from the time of implementing its core values (4
years ago). It is now at its determined optimum size.
Effective billing rates have increased more than four times
in this period. The company enjoys long term, value
oriented relationships with its clients, and has a closing
ratio of 99% on referrals. At this time it is not accepting
any new clients.

**Organization #6**

This organization was third ranked in market share when
they started the process of formalizing morals and ethics.
Claims were backlogged, provider complaints were higher than
acceptable, and clients were complaining. During the three
months of implementation, sales increased dramatically, with
the insurer moving into second place in terms of market
share. Claims handling shorted its interval from 3 weeks to
10 days. Several key new providers were added to the portfolio.

Within one month of its head office denying their core values and strategic efforts claim processing had slipped to 4 weeks, provider issues escalated and client complaints reached an all time high. Market share was expected to drop. The organization lost more the 65% of its key supervisors and managers. The CEO felt that those who stayed were the ones who were not readily employable elsewhere.

**Organization #7**

Since publishing core values and beliefs one year ago, the gross margin dropped from 38% to 31%, sales are 15% below budget, and overheads have grown 12% over budget.
CHAPTER FIVE

Summary and Discussion

The discussion of the results is organized to present the information contextually with the business and operational environments of the subject companies, as well as grouping findings within their result categories.

General Discussion

The effectiveness of implementing formalized morals and beliefs varied significantly within the study group, from highly successful and important, to very demoralizing and counter productive. Also, each organization was structurally very different and unique in terms of size, business type, and charter. Rather than diminishing the potential value of the study, this mixture, when reviewed collectively with common elements, seems to point towards a basic understanding of the nature of morals and ethics in a corporate structure, as well indicating some sense of implementation methodologies and watch guards.

Commonalities
When considering a formalized moral and ethical program all companies studied were at some sort of nexus. Faced with issues that were affecting senior management decision making, profits, morale, or the ability to deliver required goods or services, all were willing to undergo some sort of analysis and cultural shift. The subject companies developed their morals and ethical strategies as part of overall planning and development. In particular, strategic planning and problem solving was used in conjunction with the moral and ethical development process. The companies used external facilitation to guide the process of both strategic planning and the development of core values. All companies invested heavily in manpower and management time during the development stage. All companies had much to win and little to lose with any changes wrought by these processes. Furthermore, employee scepticism and confusion at the beginning stages was common to all organizations.

**Significant Differences**

Significant differences occurred in the commitment and participation of the senior managers and owners to the results of the process. Further, there were major differences in the level of participation in the creation of core values and beliefs, and attending ethics. Some CEOs were highly committed and participated fully, others felt it
some “nice touchy feelie thing" for their employees. Implementation and follow up varied widely throughout the study group. Participation in the process varied from full organizational to select management staff. Follow up and leadership techniques ranged from none to highly reinforced and trained.

The author found that these differences, when weighed against the similarities of the organizations, provided profound possibilities and explanations for the variety of results in the creation and implementation of the morals and ethics.

**Fairness**

The term “fair” was repeatedly used throughout general discussions and in interviews. One CEO commented that upon taking over her organization she interviewed all employees. She reported that all employees stated that they wanted things to be fair. However, no one seemed able to say what was fair. In another company, a middle manager reported that because he was not able to tell what was fair in dealing with difficult employee requests, he would pass the decisions on to his boss. He claims that the promulgation of morals and ethics has helped him make more of these decisions, and he is receiving less negative feedback from employees about the quality of these decisions.
One employee, after being interviewed, went to the trouble of finding the researcher some time after her interview to discuss the nature of fairness at some length. Her comments indicated that her company seemed fairer everyone after the formalization of morals and ethics. She indicated that the belief the company is fair is very important to all stakeholders and makes her work place very enjoyable. Of interest, the researcher was not able to find any interviewee capable of stating what might be fair in a given situation without making reference to the morals and ethics of the company.

Test Results

Test results on the scaled surveys were mixed when all responses were complied collectively. This is reasonable given that organizations with which morals and ethics play a significant role are averaged with those who did not continue the process of implementation following formalization.

Test 1

Organization #1 made the most significant post promulgation effort to implement its formalized morals and ethics. Organization #1 had very high levels of pre
formalization standards and commitment to “ethical” conduct. Organization #1 has also shown the most dramatic overall increase in performance during the tested intervals.

For general comparative reasons, this paper examines results collectively while setting the responses against the responses of Organization #1.

**Determinant of Relative/Relational Decision Making**

As there was an inadequate sampling of senior managers, this Determinant was not directly tested in the scaled survey. However, junior and second level managers reported an increased ability to make difficult, fairness oriented decisions (pair #38-64). It may be reasonable to extrapolate the sense of easier relational types of decisions into higher levels of management.

**Determinant of Executive Control**

Collective

(Table 2)

Improvements in attitudes affecting executive control were marginal. However, managers felt that they were able to make hard, fairness oriented decisions more effectively
with formalized morals and ethics (question pair #38-64). Of note, in the collective response, employees reduced their perceived need to be respected by the managers (pair #27-53). Although improvement was slight, employees felt an increase in their obligation to deal with peers acting improperly.

Organization #1
(Table 12)

The only significant increase in responses in this group was the sense of personal responsibility for maintaining ethical conduct (pair# 13-90).

**Determinant of Maximized Employee Productivity/Morale**

Collective
(Table 3)

The overall collective responses were generally slightly positive in this category than any other. In particular employees seem to feel that their company was becoming fairer in its handling of staff matters (pair #8-85), and that employees had greater value to the company (pairs #15-92, 16-93). In other improvements employees
indicated greater personal responsibility and more willingness to help their peers (pair #12-89). Employees also demonstrated an increased sensitivity to peer respect (pair #25-51).

Organization #1
(Table 13)

This group increased its sense that the company cared more about the employees (pair #16-93).

**Determinant of Shareholder Acceptance**

Collective
(Table 4)

There were no measurable changes in perceived acceptance by shareholders.

Organization #1
(Table 14)

There were no measurable changes in perceived acceptance by shareholders.
Determinant of Lower Overhead Burdens

Collective

(Table 5)

Overall collective responses showed strong increases in attitudes and perceptions. Of particular note are a group of responses reflecting employee awareness and understanding of company requirements. In pair #40-66 employees indicate increased clarity of company ethics; and in pair #43-70 employees indicate an increase in perceived cheating.

Employees also believe that their organizations have improved significantly in profitability (pair #3-80), and efficiency (pair 2-79).

Organization #1

(Table 15)

This group found a strong increase in efficiency (pair 2-79), greater compatibility with its suppliers (pair #6-83) and increase in the perception of the amount of cheating (pair #43-70).

Determinant of Competitive Advantage
Collective
(Table 6)

While there was generally no significant increase in perceived performance, employees increase their willingness to would speak up if they felt that their company was not attending to customer needs.

Organization #1
(Table 16)

The was a significant increase in the rating of compatibility with its customers for this group (pair #5-82). Of note, this organization retained its same customer base - the general public.

**Implementation of Morals and Ethics**

Collective
(Table 7)

There was a significant increase in employee attitudes concerning the perception of company investment and seriousness about morals and ethics (pair #29-55) and an increase in the perception of how important individual input is to the company (pair #31-57).
Organization #1

(Table 17)

This was consistent with the collective results, aside from one variance. Employees of this group showed a significant increase in the desire to be part of the morals and ethics committee (pair #33-60).

**Test 2**

There was no significant difference, either collectively or by organization, in responses based upon levels of employment or management.

**Test 3**

This group of questions studies whether or not participation in the morals and ethics committees affected responses, and whether or not the formalization of morals and ethics changed attitudes about the desire to participate in such activity. Test results indicate strongly that there is a strong relationship in all areas. Participation is important, and the process increases the desire to participate.
Test 4

The test observed whether or not there was a relationship between the amount of time spent on the survey and the responses. While the test could not reflect literacy effects, it seems to suggest that the amount of time spent answering the questions reflected the quality of answers. There is a suggestion that those employees who were not on board when the morals and ethics statements were developed thought about their answers for a longer duration of time than those who went through the formulation process. The test showed that there was a difference in response times based upon whether or not the responders had actually been in the company prior to the implementation of morals and ethics.

Conclusions

The conclusions of this paper first discusses the Determinants, then addresses the central research question.

Determinants

Determinant of Relative/Relational Decision Making
Lower level managers reported increased abilities and confidence when making hard, value type decisions regarding employees or customer requests. They claim that formalized morals and ethics makes it is easier to make decisions that seem fair to all parties. Contention and unhappiness with these tough decisions abate considerably when the manager uses the published morals and ethics as the stated framework for these decisions.

Senior managers are typically called upon to make subtle decisions, especially those that require major deviations or interpretations of published rules and procedures. If lower level managers find these types of decisions easier and more effective with formal morals and ethics, the author concludes that senior managers may also benefit from this process. However, as the data base was inadequate to make firm empirical conclusions, further research is indicated in this area.

**Determinant of Executive Control**

One of the most difficult tasks for executives is assuring that subordinates make decisions which are consistent with the values, goals and objectives of the company. With the formalization of morals and ethics there was a consistent improvement throughout the test population in their understanding of what was important to their
companies. Therefore, it is reasonable to conclude that the consistent use of formalized morals and ethics would increase the comfort of executives that employees “out of sight” will act more congruently with the desires of the organization. Thus effective “control” increases, even though that control may be by voluntary compliance.

**Determinant of Maximized Employee Productivity/Morale**

Employees generally appeared more willing to give “fair work for fair pay” when their company actively used formalized morals and ethics. However, generating formalized morals and ethics without follow up and implementation tends to have a negative effect, and in at least one case, was severally demoralizing and destructive to productivity. Therefore the conclusion is that when employed actively and consistently, formalized morals and ethics builds employee productivity and morale.

**Determinant of Shareholder Acceptance**

The lack of an adequate, or appropriate data base and sampling permits no conclusions for this determinant.

**Determinant of Lower Overhead Burdens**
To reach strong conclusions about this determinant it is necessary to evaluate specific costs and expenses which were not included in this study. However, a growing expense for many corporations is the cost related to monitoring and enforcing “Codes of Conduct” and “Rules”. Theft and dishonesty is also a hidden expense for many companies, and in some cases, may carry serious and/or large financial consequences.

Employees reported that their awareness of dishonest acts (cheating) increased after morals and ethics were formalized. They also report an increase in the sense of obligation to deal with noticed inappropriate behaviors. Further, there seemed to be an indication that employees were less likely to engage in inappropriate actions.

These changes suggest that companies with well-developed, formalized morals and ethics will experience fewer harassment and related law suits, incur lower employee theft, and generally find greater employee self regulation of appropriate conduct. Therefore, it is reasonable to conclude that associated overhead burdens will decrease with the effective use of formalized morals and ethics.

**Determinant of Competitive Advantage**

This research found that while employees perceive an increase in their effective relationships with customers
(suggesting an increase in competitive advantage), no specific conclusions can be made without testing customer attitudes before and after a vendor has formalized its morals and ethics.

**Implementation**

There appears to be a direct relationship between the implementation processes and the effectiveness of the effort. Firstly, there must be direct involvement by all levels of the company, especially including all senior executives. Secondly, leaders of the company must truly embrace published morals and ethics, providing continual examples and leadership in their use and implementation. Finally, the company cannot stop the process of training and implementation with promulgation. The effort must be continuous, working at all levels of the company, at all times.

**Fairness**

Employees at all levels sense that their company is fairer when using formalized morals and ethics. Fairness seems to be a common element, capable of smoothing many troubled waters. The author believes that most American employees will tolerate and shoulder many burdens if they
believe that they are treated fairly. This research suggests that without formalized morals and ethics most employees are not capable of objectively determining what is fair.

Central Research Question

Do formalized morals and ethics provide economic benefits (increased profit and competitiveness) to business organizations? This research finds evidence that there are specific areas (Determinants) in which companies may improve performance with the adoption and implementation of formalized morals and ethics. Critical to the effect of such is the process of development and commitment to implementation. Those organizations who were not fully committed to implementing and culturally embedding promulgated morals and ethics did not receive the increase in performance received by those who were fully committed. Additionally, senior management must be fully involved throughout the process. Training and cultural development must be continued for as long as the company maintains the set standards. Morals and ethics are substantially different from Codes and Conduct. Successful companies invest in training their employees on what is important to the company in terms of core values and beliefs. Little time or energy is invested in policing or rules monitoring.
Employees become self motivated, finding support the company wants and expects in terms both broader and clearer than the publication of an employee handbook.

Operating within a young culture, American businessmen are faced with the need to be more concise and deliberate in defining the core values and beliefs of their work societies. Ethics requires a clear statement of Core Value and Beliefs (Morals) for interpretation, understanding and application. This research indicates a promising pattern in a system for defining the Morals and Ethics and of an organization, as well as a method for implementation. The following section discusses the some of the requirements and possibilities for further research and development in this topic.

Further Research

This was an ambitious project. It attempted to define a series of determinants for empirical evaluations of the economic effectiveness of morals and ethics in a corporate environment. It also dealt with a process that had been implemented in a variety of companies throughout varied time intervals. The testing and evaluation process was difficult and had to cover a wide range of topics, as well as asking test subjects to remember long past perceptions and attitudes. However, the researcher believes that sufficient
progress was made to warrant future research and testing. The following are the researcher’s recommendations for further research and study of this topic.

1. Test periods: Ideally, further research would use companies which had not undergone a formalization process prior to the study. Subjects may then be more clearly studied for pre-implementation attitudes and perceptions.

2. Volume of questions: The researcher believes that fewer questions may be used to achieve clearer results. Test subjects may have been overwhelmed by the number of questions asked. This study may provide pointers as to the types of questions which were most meaningful to the research and to the test subjects themselves.

3. Range of response: The researcher suspects that responses were too limited with only 5 gradations of reply. A minimum of 7 grades, most likely 10, should provide more complete data on shifts perceptions and attitudes.

4. Test conditions: The researcher feels that a more complete sampling of each company would have
been possible if the testing was more controlled. In this research, tests subjects were provided the questionnaires and asked to fill them out if they choose. In some companies no work time was allowed. In others, no encouragement or supervision was provided. If tests are administered in supervised, time specific environments, larger samples are more likely.

5. Determinants specific research: Some potential test companies may have specific policy issues to be addressed (such as poor performance in the stock market). The researcher feels that some of the determinants warrant isolated study, and may be researched in isolation from other determinants. Some determinants may also require longer effect cycles for study. Therefore, future study should consider the effect lags and relative importance of each determinants, allowing for continued review and study by specific determinant without necessarily involving the entire test base. Further, some determinants, such as shareholder acceptance, will require sampling of test subjects outside of the test organization’s internal society. These samplings
will also require different resources and test procedures.

6. Scope of study: This research concentrated on a small universe of domestic business. Some determinants, such as executive control, have implications of great effect in environments such as international management. Future research on the impact of formalized morals and ethics in global organizations may be useful and provide new tools for American managers grappling with global ethics.
BIBLIOGRAPHY


Gebber, Beverly 1995) The Right and Wrong of Ethics Offices Training 32 102-109


APPENDICES
APPENDIX A

Letter of Introduction
March 30, 2006

CEO
target organization

Dear Sir:

I am completing the requirements for a Ph.D. in Management. This process involves a dissertation, or major research paper. The questions I wish to examine are:

Do companies who have formally stated morals and ethics experience increases in profit and competitiveness? And is there a process by which companies can create and implement effective morals and ethics?

Your organization has experienced the process of formalizing and implementing moral (core values and beliefs) and ethical statements. I would like to include your organization in the confidential study.

I request an appointment with you to discuss the nature of study, its possible impact on your organization, and the value your participation would have on those reading the results of the report. I will follow this letter with a call to schedule a time that will be convenient for you. I suspect that you will find this survey interesting and of value to your organization, as well as those searching for a way to rationalize this complex question.

Sincerely

Galen Dean Loven
APPENDIX B

Research Consent Form

Open Interview
To the interviewee:

This interview is to supplement the general survey on morals and ethics now distributed in your company, forming part of my research into the relationship of morals and ethics and corporate competitiveness and profitability.

Your participation in this interview is completely voluntary. Whether or not you choose to participate is confidential between us, and will not be disclosed in any way to any other member of your company. Your decision to participate will not affect your job or career status in the company.

If you do choose to participate, I would appreciate frank and candid answers to the questions. All of your responses are confidential. At no time will the source of comments be disclosed, nor any identifying information provided or disclosed to other parties.

This interview will take approximately 30 to 60 minutes. I appreciate your time and willingness to help in this study.

Sincerely

Galen Dean Loven

____________________________________________________________________________

I have read this disclosure and willingly participate in this interview under the conditions specified.
APPENDIX C

Open Interview Questionnaire
What are your general feelings about morals and ethics in a company?

How competitive do you feel your company is?

Has its competitiveness grown, remained the same, or diminished since the formal and ethics statements were published?

Do you think your company has done all that it should have in implementing these statements?

What do you think can be done that is not being done?

Have you disclosed these statements to other stakeholders?

What has been their response?

What level of the company should have been included in creating the statements?

Would it have been possible to create the statements without outside coaching and guidance?

Why?

What are some of the factors affecting implementation of the morals and ethics statements?

What is your general impression of morale changes as a result of the process?

Do you see what your company has done in morals and ethics as an end point, or beginning?

Why?

How did this process affect you as an individual?

Why?

What question should I have asked that I didn’t?
APPENDIX D

Research Disclosure and Confidentiality Form

Structured Survey
To the Employee,

I am conducting research on the relationship of formally stated morals and ethics to organizational profitability and competitiveness. An essential part of this research is the relationship of the company to its employees, and how the employees feel about working with the company.

The attached questionnaire is multiple choice and does not identify who answered the questions. Your participation is entirely voluntary. If you do not wish to respond, simply return it according to instructions, leaving all questions blank. Whether or not you choose to respond will not be disclosed, nor will I have any way of knowing who responded.

If you do decide to answer the questions, please be honest and thoughtful. Your answers may help other companies address this important and difficult issue. Also your answers, when added anonymously to the answers of your peers and others in the company, may help your company continue to improve its management processes.

If you have any questions about this survey, please feel free to contact me any time at 326-6186. I understand that time is a valuable commodity, and appreciate your help in this project.

Sincerely

Galen Dean Loven
APPENDIX E

Covering Management Memo
To all Employees:

As you know, we have, with the hard work of several people, created Statements of Core Values and Beliefs, and Ethics. Part of the process of having these statements is reviewing our progress in using and implementing them.

We have an opportunity for feedback. Galen Loven is conducting research into the relationship of Core Values and Beliefs (Morals) and Ethics with overall company performance. He has asked that we participate in his study, and I have agreed to provide access to ourselves.

His study has two parts, a “fill-in-the-blanks” type of questionnaire for everyone who wishes to complete it; and a small number of one-to-one interviews. Both the questionnaire and the interviews are voluntary and confidential. Our management will receive a summary of overall company opinions to help us progress. However, we will have no access to any specific response or personal information.

We would like you to give your full support to this study. What we have done can be improved, and it may help others make progress in these important, but complicated areas. Any of you who would like to look at participating in the interviews should let ________ know within the next couple of days. These interviews will take no longer than one hour. The questionnaires should take about one half hour.

Thank you for your support of this study.

CEO
APPENDIX F

Scaled, Structured Survey Questionnaire
The following is a questionnaire concerning the development and use of formalized morals and ethics in your company or organization. Please answer each question on the question response sheet provided with these questions. Use a dark colored (preferably black) pen or pencil. Match the number of the question with the number of the response sheet. When you are finished, place the response sheet in the envelope provided, seal it, and return it to your company co-ordinator. You may keep or discard the question sheets.

Please note that the use of the word company refers to any organization, including non profits. The use of the word employee includes any active member of the organization, including volunteers.

Note: If you were associated with your organization before the Core Values and Beliefs and Ethics were published, please start here. If not, skip to question #51.

Questions 1 to 48 apply only to the period before the company implemented Formalized Core Values and Beliefs, and Ethics.

Answer the following questions by selecting one response that most applies to you, using this scale.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>strongly or very much</td>
<td>moderately</td>
<td>average</td>
<td>moderately</td>
<td>not</td>
</tr>
<tr>
<td>strong/yes</td>
<td>not</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. How well did you identify with apparent company values?
2. How efficient did you think your company was?
3. How profitable did you think your company was?
4. How competitive did you think your company was?
5. How compatible with the company do you think its customers were?
6. How compatible with the company do you think its suppliers were?
7. How fair do you think the company was in its business dealings?
8. How fair do you think the company was in dealing with its employees?
9. How clear were you about how the company expected you to behave on the job?
10. How well did the company fit in with its community?
11. How much did the company contribute to its community?
12. If you saw a peer acting unsafely, how important did you feel it was to correct or assist him/her?
13. If you were aware of an employee doing something wrong, how strongly did you feel you should do something about it?
14. If you felt the company was not doing an adequate job of meeting its customers’ needs, how strongly did you feel you should say something?
15. If you would say something, how important to the company would you feel your concerns would be?
16. How concerned did you feel the company was about its employees?
17. How important was it to you that you felt good about working for your company?
18. How important was it for you to record only those hours you worked?
19. How important was it for you to record all the hours you worked?
20. How important was it for you to take all of your breaks, and other time off?
21. How important was it to you that you liked your peers?
22. How important was it for you to respect your peers?
23. How important was it for you to like your manager?
24. How important was it for you to respect your manager?
25. How important was it to you to be respected by your peers?
26. How important was it for you to be liked by your peers?
27. How important was it to you to be respected by your manager?
28. How important was it to you to be liked by your manager?
29. When the company announced it was planning to develop morals and ethics, how serious did you think it was?
30. How important did you think it would be?
31. How important did you think your input would be?

These questions are answered Yes or No.

Mark #1 if Yes, mark #2 if No.

32. Were you asked to participate in the Ethics committee?
33. If you were, did you?
34. If not, did you wish to be?

35. Do you lead, supervise, or manage others?

Mark # 1 if No: Yes - mark #2 if you lead, #3 if you supervise, #4 if you manage.

If yes to #35 continue. If no, please proceed to question #51.
Answer the following questions by selecting one response that most applies to you, using this scale.

1 2 3 4 5
strongly or moderately average moderately not
very much strong/yes not

If you feel that you were not in situations from which you could answer the following questions, please answer ‘as if’ you experienced enough to do so.

36. How well did you understand the needs of the company?
37. How comfortable were you resolving requests for exceptions?
38. How easily were you able to make fair decisions on exceptions?
39. How easy was it to resolve conflicting requests?
40. How clear were the company rules on ethical conduct?
41. How consistent was the company in dealing with unethical situations?
42. How much theft did the company experience?
43. How much ‘cheating’ do you think there was?
44. How many ‘tough’ decisions were you able to resolve instead of sending them ‘up the line’?
45. How much ‘risk’ did you feel you took when making tough decisions?
46. How ‘adequate’ did you feel in making tough decisions?
47. How ‘right’ or ‘justified’ did you feel making tough decisions?
48. How much ‘decision making’ training had you received?
49. How comfortable were you that you knew what was ‘right’ for the company?
50. How much training on company ethics or values had you received?

The following questions are to be answered for the time after the company introduced written Core Values and Beliefs, and Ethics.
Answer the following questions by selecting one response that most applies to you, using this scale.

1  2  3  4  5
strongly or moderately average moderately not
very much strong/yes not

51. How important is it to you to be respected by your peers?
52. How important is it to you to be liked by your peers?
53. How important is it to you to be respected by your manager?
54. How important is it to you to be liked by your manager?
55. How serious do you think the company is about implementing and enforcing the published morals and ethics?
56. How important do you think it should be?
57. How important do you think your input should be?

These questions are answered Yes or No.

Mark #1 if Yes, mark #2 if No.

58. Is there now an Ethics committee?
59. If you not, should there be one?
60. Are you, or would you participate in one?

61. Do you lead, supervise, or manage others?

Mark # 1 if No:  Yes - mark #2 if you lead, #3 if you supervise, #4 is you manage.

If yes to #61 continue. If no, please proceed to question #76.

If you feel that you are not in situations from which you could answer the following questions, please answer “as if” you have experienced enough to do so.
Answer the following questions by selecting one response that most applies to you, using this scale.

1  
2  
3  
4  
5  

strongly or  
moderately  
average  
moderately  
not  

very much  
strong/yes  
not  

62. How well do you understand the needs of the company?
63. How comfortable are you resolving requests for exceptions?
64. How easily are you able to make fair decisions on exceptions?
65. How easy is it to resolve conflicting requests?
66. How clear are the company rules on ethical conduct?
67. How consistent is the company in dealing with unethical situations?
68. How much have the new morals and ethics helped you as leader, supervisor or manager?
69. How much theft does the company experience?
70. How much ‘cheating’ do you think there is?
71. How many ‘tough’ decisions are you able to resolve instead of sending them ‘up the line’?
72. How much ‘risk’ do you feel you take when making tough decisions?
73. How ‘adequate’ do you feel in making tough decisions?
74. How ‘right’ or ‘justified’ do you feel making tough decisions?
75. How much ‘decision making’ training have you received?

Answer the following questions by selecting one response that most applies to you, using this scale.

1  
2  
3  
4  
5  

strongly or  
moderately  
average  
moderately  
not  

very much  
strong/yes  
not  

76. How much training on company ethics or values have you received?
77. How comfortable are you that you know what is ‘right’ for the company?
78. How well do you identify with apparent company values?
79. How efficient do you think your company is?
80. How profitable do you think your company is?
81. How competitive do you think your company is?
82. How compatible with the company do you think its customers are?
83. How compatible with the company do you think its suppliers are?
84. How fair do you think the company is in its business dealings?
85. How fair do you think the company is in dealing with its employees?
86. How clear were you about how the company expects you to behave on the job?
87. How well does the company fit in with its community?
88. How much does the company contribute to its community?
89. If you saw a peer acting unsafely, how important do you feel it is to correct or assist him/her?
90. If you were aware of an employee doing something wrong, how strongly do you feel you should do something about it?
91. If you felt the company is not doing an adequate job of meeting its customers’ needs, how strongly do you feel you should say something?
92. If you would say something, how important to the company would you feel your concerns would be?
93. How concerned do you feel the company is about its employees?
94. How important is it to you that you feel good about working for your company?
95. How important is it for you to record only those hours you work?
96. How important is it for you to record all the hours you work?
97. How important is it for you to take all of your breaks, and other time off?
98. How long did it take to complete this survey?

1  2  3  4  5

15-20 min. 20-30 min. 30-45 min. 45-60 min. 60-90 min.

This is the end of the questionnaire.

Thank you for taking the time to answer this questionnaire.
APPENDIX G

Key Financial Indicators
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<tr>
<td>Cost of sales delivery:</td>
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APPENDIX H
Representative Moral and Ethical Statements
County Office

Core Values and Beliefs

We shall equitably service our customers, constituents and employees with honesty, integrity and respect.

Ethics

- We will strive to follow the intent of the law
- We will strive to consistently provide accurate and factual information
- We will treat our customers, suppliers and employees with courtesy and respect
- We will provide equitable services to our customers
- We will provide the leadership and a positive environment for the continual growth and development of all employees, consistent with the overall ethics of our office
- We commit to reasonable and equitable compensation for all employees
- We will commit to professionalism and pride in the value of our services to the public.
Concrete manufacturer

Core Values and Beliefs

We believe in and are committed to the long term financial prosperity and well-being of the company and its employees. Our success will be achieved by our personal commitments to safety, integrity and honesty, dignity and respect, professionalism and a commitment to excellence.

Ethics

- We will treat all employees equally and fairly
- All employees of the company have the opportunity to communicate positively and provide input
- We will honor the letter and intent of all our commitments
- We will meet or exceed all environmental rules and regulations
- We will provide and maintain a safe work environment
- We will support our employees’ commitment to family and enhancement of our communities
- We will provide opportunities for job challenge, advancement and training.
Consulting company

Core Values and Beliefs

The company believes in personal responsibility, integrity, honesty and acceptance of individual values without condemnation. Business must be conducted with self respect and adherence to the principle of increasing the welfare of mankind through individual achievement and the commitment to excellence. Honest and fair work must be delivered for fair and reasonable compensation.

Ethics

- Clients of the company will be treated with respect and compassion. A demonstrated Willingness To Excel shall have value and coin with the Company. Further, the Company has an obligation to deliver its promises and obligations in a manner consistent with the culture and requirements of the customer.

- The customer is responsible for its own actions. Therefore, the customer must be provided with full and reasonable information to make knowledgeable decisions concerning the recommendations of the Company.

- The Company and its employees will fulfill and honor the intent, as well as the letter, of all commitments, contracts, and governing laws.

- The privacy of the customer is a primary concern of the Company. Customer information shall be held in the strictest confidence at all times.

- The Company will neither accept nor tolerate mediocrity in itself, employees, or suppliers, and shall strive to instill excellence in its customers and clients.
1. Means of the Questionnaire Scale
2. Student t-test for the Determinant of Executive Control
3. Student t-test for the Determinant of maximized employee productivity
4. Student t-test for the Determinant of shareholder acceptance
5. Student t-test for the Determinant of lower overhead burdens
6. Student t-test for the Determinant of competitive advantage
7. Student t-test for the questions concerning effectiveness of implementation
8. Student t-test for Q#35 and Q#61
9. Student t-test for Q#32 and Q#58
10. Student t-test for Q#33 and Q#60
11. Student t-test for Q#34 and Q#60
12. Student t-test for the determinant of executive control - Org. 1
13. Student t-test for the determinant of maximized employee productivity - Org. 1
14. Student t-test for the determinant of shareholder acceptance - Org. 1
15. Student t-test for the determinant of lower overhead burdens - Org. 1
16. Student t-test for the determinant of competitive advantage - Org. 1
17. Student t-test for the questions concerning effectiveness of implementation - Org. 1